



SUSTAINABLE FINANCE TOGETHER

ABOUT THIS REPORT

INTRODUCTION
ESG STRATEGY & PROGRESS
FOCUS AREA
ESG MANAGEMENT
APPENDIX

Report Overview

This report is the 11th Sustainability Report published by the BNK Financial Group. We would like to share major activities and achievements related to the sustainable management of the BNK Financial Group with our stakeholders. The BNK Financial Group transparently discloses corporate sustainability through the publication of its annual sustainability report and will continue our efforts to actively communicate with stakeholders.

Reporting Period

This report contains the sustainable management activities and achievements of the BNK Financial Group from January 1 to December 31, 2022. Information for up to the first half of 2023 is included in the report in cases where they could have a significant impact on stakeholder decisions. For quantitative performance, 3-year performance was reported to enhance comparability.

Reporting Range

The reporting range of this report includes the BNK Financial Group and nine subsidiaries such as Busan Bank, Kyongnam Bank, BNK Capital, BNK Securities, BNK Savings Bank, BNK Asset Management, BNK Venture Capital, BNK Credit Information, BNK System. It includes all branches and performance related to overseas businesses is also disclosed if necessary.

Reporting Principles and Standards

This report was drafted in accordance with the GRI (Global Reporting Initiative) Standards, the international reporting standard for sustainability reports. In addition, it observes the announced recommendations related to climate change based on TCFD (Task Force on Climate-related Financial Disclosures) and SASB (Sustainability Accounting Standards Board) considering the features by industry. Financial information was drafted with consolidation standards according to the Korea International Financial Reporting Standards (K-IFRS).

Third-Party Verification

In order to secure reliability and enhance the quality of the report information, this report received verification from a third-party verification institute, the Korea Management Registrar (KMR). The verification results are presented on page 160 of this report.



Cover Story

The BNK Financial Group, as a financial group representing the southeast region of Korea, is striving to realize sustainable finance and the value of coexistence. The 2022 Sustainability Report captures the image of a company growing together through its amiable cover page and slogan.

You can download the PDF file of 'The BNK Financial Group Sustainability Report' from the website of BNK Financial Group. If you need additional information or have any questions about the BNK Financial Group Sustainability Report, please contact us at the contact information below.

Publisher: BNK Financial Group | **Address:** 30 Munhyeongeumyung-ro (Munhyeon-dong), Nam-gu, Busan | **Contact:** 051-620-3189 | **Fax :** 051-620-3040 | **Website:** www.bnkfg.com

CONTENTS

INTRODUCTION
ESG STRATEGY & PROGRESS
FOCUS AREA
ESG MANAGEMENT
APPENDIX

Introduction
CEO Message 4
Introduction to BNK Financial Group 5
Group Vision and Management Strategy 7

ESG Strategy & Progress
BNK Financial Group ESG Strategy 9
Stakeholder Participation 10
and Materiality Assessment
BNK Financial Group ESG Performance 14

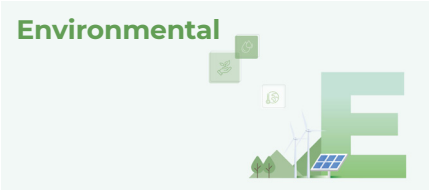


Focus Area
Climate Finance
Implementation of TCFD Recommendations 17
Governance 18
Strategy 21
Risk Management 28
Metrics and Targets 32

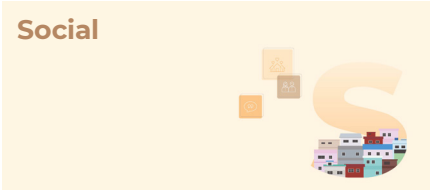


Humancentric Finance
Human Rights Management 39

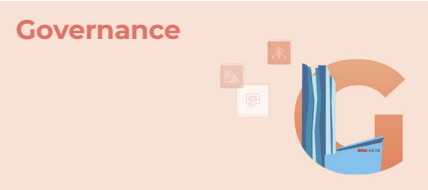
ESG Management
Environmental
Environmental Finance
Environmental Management 49
Green Finance 52



Social
Socially Responsible Finance
Digital Finance 60
Customer-centered Finance 65
Information Protection 71
Innovative Finance 76
Financial Inclusion 78
Win-Win Finance 83
Corporate Culture 85
Talent Development 90
Contribution to Local Community 93



Governance
Ethical Finance
Governance 100
Risk Management 106
Ethical Management 109



Appendix
Creating Financial Synergy 116
ESG DATA 125
ESG Impact Measurement 144
Global Initiative 146
Independent Assurance Statement 160
Greenhouse Gas Verification Statement 161
Awards 162

CEO MESSAGE

INTRODUCTION

CEO Message
Introduction to BNK Financial Group
Group Vision and Management
Strategy

ESG STRATEGY & PROGRESS

FOCUS AREA

ESG MANAGEMENT

APPENDIX



“We will continue our efforts to build a sustainable society by practicing ethical management that prioritizes the interests of stakeholders.”



Respected stakeholders,

The difficult economic situation persists due to the prolonged recession and slowing growth revivability. Meanwhile, the development of new digital technologies, such as AI, big data, and blockchain, has transformed the financial industry. At the same time, the climate change crisis is accelerating the global trend toward carbon neutrality and low-carbon economy.

As the business environment changes rapidly, the BNK Financial Group has set ‘Securing Future Growth Engines through Substantial Management’ as our 2023 management policy and selected three core projects that aim to 1) strengthen the risk management system following the prolonged economic recession, 2) enhance management efficiency by maintaining a stable growth trend and diversifying profits, and 3) secure digital capabilities and growth engines in response to the Big Blur era.

Furthermore, under the vision of ‘creating social value through the realization of sustainable finance,’ we intend to practice ESG management that enables us to grow together with various stakeholders, including customers, employees and executives, partner companies, and local communities. As a leading financial group in the region, we will continue to establish transparent governance and create a corporate culture that respects human rights, taking customer satisfaction as the priority and actively protecting our financial consumers. In order to implement carbon neutrality, we will develop various eco-friendly financial products and services and expand our eco-friendly investments. In particular, we will focus efforts on supporting the ESG transformation of corporations in the southeast region from multiple perspectives and continuously create shared value with the local communities.

It is my aim to lead the group based on the two axes of “Right Management” and “Digital Management.” By adhering to righteous management that complies with key fundamentals and principles, we will enhance internal controls and invigorate sincere communication with customers. Adopting customer-friendly digital finance as our vision, we will strengthen the group's digital competitiveness and enhance shareholder value that meets market expectations. We will never cease our efforts to fulfill our corporate social responsibilities and to achieve a sustainable society for future generations by consistently fulfilling our inherent role in finance.

We look forward to your continued interest and support.
Thank you.

Dae-In Bin, BNK Financial Group's CEO and Chairman

빈 대 인

INTRODUCTION

CEO Message

Introduction to BNK Financial Group

Group Vision and Management Strategy

ESG STRATEGY & PROGRESS

FOCUS AREA

ESG MANAGEMENT

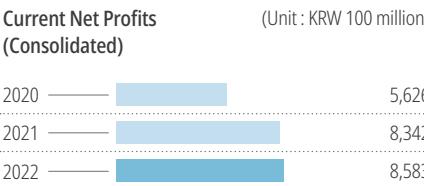
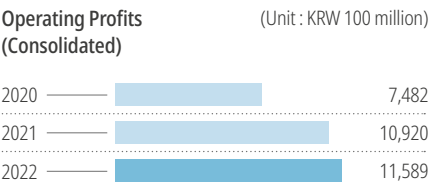
APPENDIX

BNK Financial Group Organization

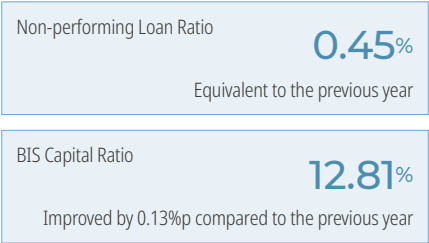
Launched on March 15, 2011 as South Korea's first financial holding company of local banks, the BNK Financial Group acquired Kyongnam Bank in 2014 as its subsidiary, and changed its name to the BNK Financial Group Inc. in 2015. As a leading financial group in the southeast region, the group has provided various financial products and services.

BNK Financial Group Overview

Date of Foundation	March 15, 2011
Location of Headquarters	30 Munhyeongeumyung-ro, Nam-gu, Busan
CEO	Dae-In Bin



Asset Quality








Credit Rating



The group has become the nation's leading regional and total financial group with nine subsidiaries. It is now striving to take a major leap forward to grow into a global standard financial group by 2023.

Status of BNK Financial Group Subsidiaries

Main Services	Subsidiaries	Description
 Banking	Busan Bank/ Kyongnam Bank	· Focusing on the main business of taking deposits and providing loans, perform payment guarantees, issue and invest in marketable securities, etc. · Various additional work related to the Bank Act such as deposits for national treasury, holding securities, etc., and work involving trusts, credit cards, etc.
 Loan-specializing financial business	BNK Capital	· Financial business engaged in installment financing, facility leases, general loans, and new technology project financing, as well as lease financing, auto financing, corporate loans, etc.
 Financial investment	BNK Securities/ BNK Asset Management	· Provide fund procurement plans for parties needing funds and investment opportunities for investors · Efficient distribution of capital and investment transactions, investment brokerage, collective investment, and investment consignment according to the 'Financial Investment Services and Capital Markets Act'
 Savings bank business	BNK Savings Bank	· Using funds acquired in the form of deposits, etc., supply funds as short-term and long-term loans to those needing funds mainly for small loans, domestic exchange, and Korea Financial Telecommunications & Clearings Institute operations
 Start-up investment	BNK Venture Capital	· Investment and loans for SME startups registered as a startup investment company with the Ministry of SMEs and Startups · Management of SME Establishment Investment Association, consulting related to startups, and provision of information
 Credit check and debt collection	BNK Credit Information	· Act as agent for credit checks, urge repayment of debentures, accept tender, locate debtors, etc.
 System supply and development	BNK System	· Based on customer needs analysis for assertively responding to the changing financial environment, offer integrated financial IT services including system consulting, set-up, and operations

INTRODUCTION

CEO Message
Introduction to BNK Financial Group
Group Vision and Management
Strategy

ESG STRATEGY & PROGRESS

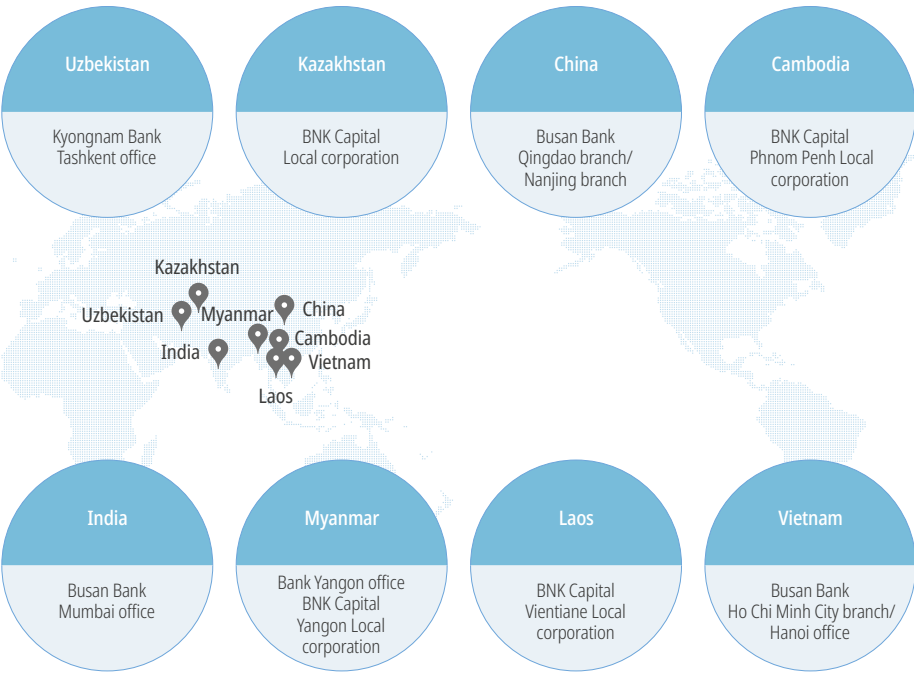
FOCUS AREA

ESG MANAGEMENT

APPENDIX

BNK Financial Group Global Network

As of the end of 2022, the BNK Financial Group is growing as a financial group leading the global financial market based on a network of 371 domestic branches and 77 overseas branches. In 2019, BNK Venture Capital was incorporated to discover promising local startups, act as a supplier of venture capital, and prepare the group's new growth engines; thus completing the nine-subsidary system and further expanding business areas. Through this, we are continuing efforts to improve the profitability of non-interest and non-banking sectors while strengthening the group's fundamentals.



BNK Financial Group Global Network

Category	Name	Branches and offices			
		Domestic		Overseas	Total
		Busan, Ulsan, Gyeongnam	Other region		
Holding company	BNK Financial Group	1	-	-	1
	Busan Bank	196	14	6	216
	Kyongnam Bank	115	11	1	127
	BNK Capital	4	10	-	14
	BNK Securities	3	1	-	4
Subsidiaries	BNK Savings Bank	4	4	-	8
	BNK Asset Management	-	1	-	1
	BNK Credit Information	2	1	-	3
	BNK Credit Information	2	1	-	3
	BNK System	1	-	-	1
Sub-subsidaries	BNKC(Cambodia) Microfinance Institution Plc.	-	-	20	20
	BNK Capital Myanmar Co., Ltd	-	-	41	41
	BNK Capital Lao Leasing Co., Ltd	-	-	4	4
	BNK CAPITAL LAO NDTMFI Co., Ltd	-	-	1	1
	MFO BNK Finance Kazakhstan LLP	-	-	3	3
	MCC BNK Finance LLC	-	-	1	1
	Total	328	43	77	448

INTRODUCTION

CEO Message
Introduction to BNK Financial Group
Group Vision and Management Strategy

ESG STRATEGY & PROGRESS

FOCUS AREA

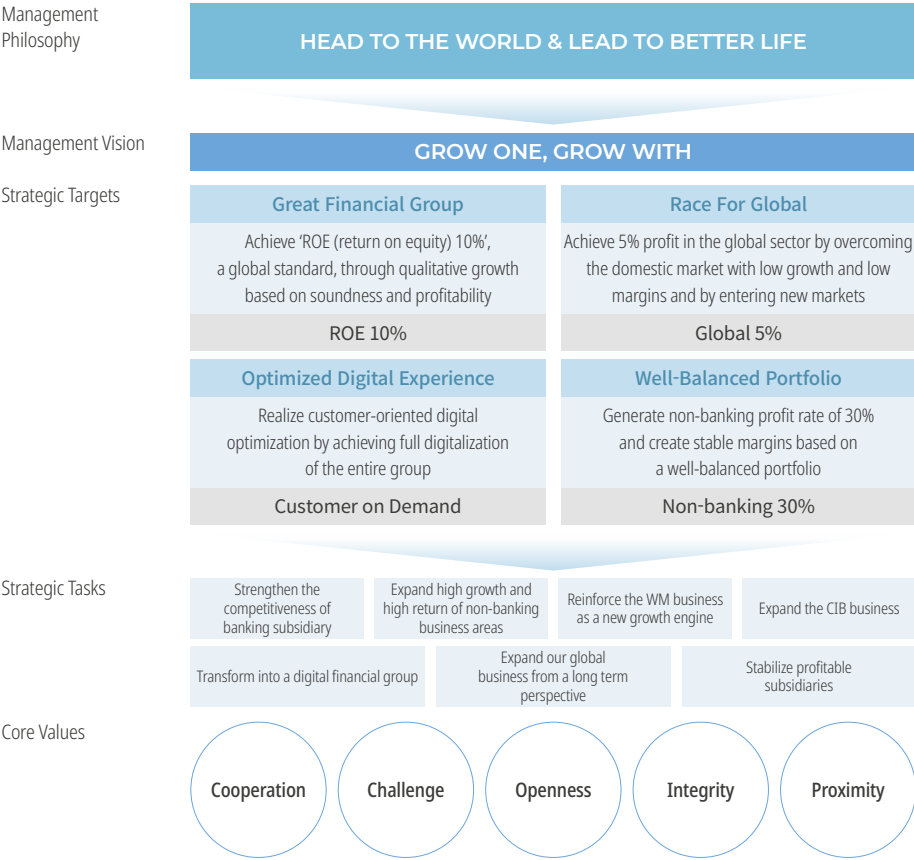
ESG MANAGEMENT

APPENDIX

BNK Financial Group Vision and Management Policy

Based on the management ideology of ‘To the World with the Region, To the Future with Customers,’ the BNK Financial Group is making various efforts to become a global standard financial group according to the group’s mid- to long-term management plan of ‘GROW 2023.’ The 2023 management policy was set as ‘securing future growth momentum through solid internal management,’ and we will strengthen our risk management system against internal and external crises that can weaken the group’s management environment such as increased volatility of the global financial market, digital acceleration, etc. Also, by creating a foundation for future growth through stable internal growth, we aim to achieve qualitative improvement in our fundamental profit base and secure new growth momentum.

BNK Financial Group Vision Map



GROW 2023

Great Financial Group

The total assets (including trust assets) of the group as of the end of 2022 stood at KRW 160 trillion, and we are growing continuously not only in banking but also in BNK Capital to reach the group’s mid- and long-term goals. Profitability indices such as the group’s current net profit, ROE, etc. fared better than planned thanks to the restored profitability in the banking sector and significant improvements to profitability in the non-banking subsidiaries and non-interest sector, with management indices such as soundness, equity ratio, etc. maintaining good levels compared to the previous year. The BNK Financial Group will strive to become a global standard financial group by achieving a current net profit of KRW 1 trillion and ROE of 10% in 2023 by continuously strengthening competitiveness.

Race For Global

The BNK Financial Group has revamped the strategic value of countries that each of its subsidiaries has entered, and is developing strategies for entering the global market from a mid- to long-term perspective to pioneer new Asian markets additionally. While reviewing the market attractiveness per target country based on the market growth potential and profitability, we are developing a more elaborated entry strategy for the BNK Financial Group based on success models of entering the finance market of the target country.

Optimized Digital Experience

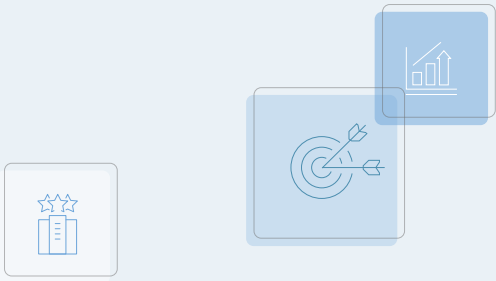
The BNK Financial Group has strengthened its risk management system against internal and external crises that can weaken the group’s management environment such as company-wide digital innovation and digital acceleration, etc. Also, by creating a foundation for future growth through stable internal growth, the group has established a ‘Digital Promotion Road Map’ for growth. This is aimed to achieve qualitative improvement in its fundamental profit base and secure new growth momentum, and has established the direction for pursuing full digitalization for the entire group. Advancement of digital channels, innovation of digital-based operations, activation of synergy for subsidiaries by linking digital, and expansion of the digital-based financial area were selected as core elements for executing digitalization, and we plan to continue our efforts to improve company-wide digital capacities until 2023.

Well-Balanced Portfolio

The BNK Financial Group has been focusing not on creating profits based on interests but in the non-banking sector through business diversification. This is to secure the driving force for future growth through solid management in the challenging business conditions of prolonged economic stagnation and weakened growth recovery. In addition to reviewing businesses that it has not entered for strengthening high-growth, high-profit non-banking businesses, the BNK Financial Group is continuously promoting business diversification. This is done by entering new businesses of existing non-banking subsidiaries such as OTC derivatives and leasing businesses, etc. Through this, profit percentage in the nonbanking sector has grown from 16.2% in 2018 to 22.8% in 2022, and we plan to expand continuously the percentage of non-banking profits through continued efforts.

INTRODUCTION
ESG STRATEGY & PROGRESS
BNK Financial Group ESG Strategy
Stakeholder Participation and Materiality Assessment
BNK Financial Group ESG Performance
FOCUS AREA
ESG MANAGEMENT
APPENDIX

ESG Strategy & Progress



BNK Financial Group ESG Strategy	
ESG Promotion Strategy	9
ESG Mid- to Long-term Roadmap	9
Stakeholder Participation and Materiality Assessment	
Stakeholder Participation	10
Materiality Assessment	11
BNK Financial Group ESG Performance	
Core Issue ISSB General Requirements Disclosure	14
2022 ESG Performance Dashboard	15



BNK Financial Group ESG Strategy

INTRODUCTION

ESG STRATEGY & PROGRESS

BNK Financial Group ESG Strategy
Stakeholder Participation
and Materiality Assessment
BNK Financial Group
ESG Performance

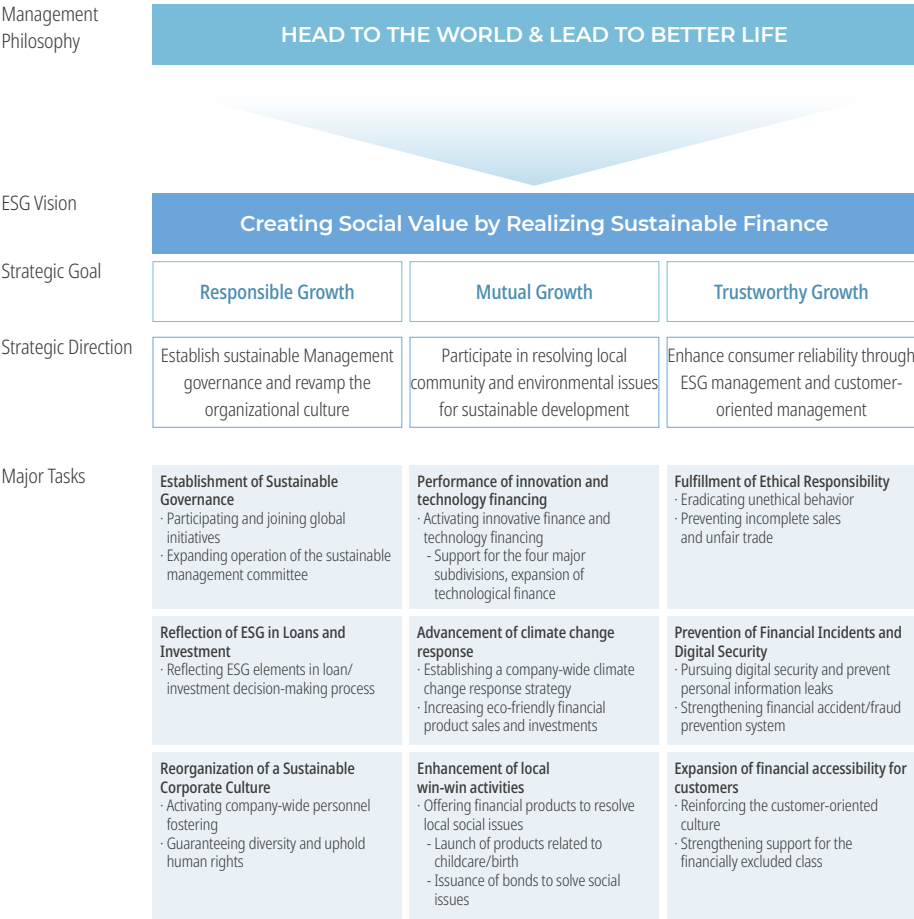
FOCUS AREA

ESG MANAGEMENT

APPENDIX

ESG Promotion Strategy

The BNK Financial Group established the three strategic directions of ‘Responsible Growth,’ ‘Mutual Growth,’ and ‘Trusted Growth’ pursuant to the ESG vision of ‘Creating Social Value by Realizing Sustainable Finance.’ Under such strategic directions, we are enhancing the mid- to long-term values of all stakeholders, establishing and implementing detailed strategies to pursue sustainable management in accordance with global sustainable management initiatives.



ESG Mid- to Long-term Roadmap

To bring sustainable finance into reality, the BNK Financial Group has developed a mid- to long-term roadmap designed to implement the ESG strategy system in three stages. As a result, it has laid the groundwork to build and internalize a sustainable organizational culture for finance, while responding actively to environmental change and sustainable management trends in the financial industry.

ESG Mid- to Long-term Roadmap			
	Step #1 2020	Step #2 2022	Step #3 2025
Goals	Establish the ESG Strategy System	Advance the ESG Strategy System	Complete BNK Sustainable Management
Main Actors	Group/Abroad	All subsidiaries	BNK company-wide, customers, stakeholders
Main Areas	Short-term improvement projects based on an analysis of ESG status / improvement of the external ESG evaluation rating	Mid- to long-term improvement projects based on an analysis of ESG status	Catching up with other leading companies in the same industry
Main Contents	<ul style="list-style-type: none">Developing ESG execution rulesEstablishing ESG governanceResponding to external sustainable management ratingsEstablishing a climate change response strategy	<ul style="list-style-type: none">Expanding the ESG product/service lineupRenovating ESG governanceConstructing the subsidiary sustainable management inspection system and conducting practical monitoringAdvancing climate change response strategy	<ul style="list-style-type: none">Expanding the ESG product/service lineupConstructing a company-wide ESG operation systemExpanding the external governance of the ESG strategy system
ESG-related Projects	<ul style="list-style-type: none">Establishing a strategy systemSetting a strategic indexStrengthening the dedicated organizationJoining international standards	<ul style="list-style-type: none">Completing the establishment of a dedicated organizationJoining international standardsExpanding the ESG financial productPromoting local-contact business	<ul style="list-style-type: none">Joining international standardsOperating the ESG loan/investment process
International Standards	<ul style="list-style-type: none">UNGCTCFD	<ul style="list-style-type: none">UNEP FICDP	<ul style="list-style-type: none">PRIother initiatives (UNGP, renewable energy initiative, etc.)

Stakeholder Participation and Materiality Assessment

INTRODUCTION

ESG STRATEGY & PROGRESS

BNK Financial Group ESG Strategy
Stakeholder Participation
and Materiality Assessment
BNK Financial Group
ESG Performance

FOCUS AREA

ESG MANAGEMENT







APPENDIX

Definition of Stakeholders

The BNK Financial Group has defined six stakeholder groups in order to efficiently manage the needs of stakeholders that affect our business activities. In order to identify the unique needs of each stakeholder group, we operate various communication channels.

Communication with Stakeholders

The BNK Financial Group runs communication channels for each major stakeholder and incorporates stakeholder needs into the Group's management plans and major decisions.

Major stakeholders		Definition	Major Interests	Communication Channels and Activities	Expected Effects
Customer 	Individual customer, corporate customer	Group that uses financial products and services and wields influence	Enhancing satisfaction by improving product and service quality	· Satisfaction survey · Contact front line sales channels · Meetings · Customer panels, etc.	· Listen to customer opinions and minimize the dissatisfied customer ratio · Provide and communicate information on financial products and services · Listen to customer complaints and discuss support items · Listen to various opinions of customers and reflect improvements
Employees 	Staff, labor union	Agent for realizing vision and value to achieve the corporate management goals	Establishing a corporate culture that ensures work-life balance	· Employee satisfaction survey · Meetings and workshops · Labor-management meetings (as needed) · Company newsletters, company bulletin boards, etc.	· Listen to employee opinions and monitor the internal satisfaction of employees · Discuss employment, fostering, benefits and welfare, and labor environment · Communicate major issues related to company management and achieve labor-management harmony · Activate in-company communication for employees
Stockholders and investors 	Stockholders, investors	Group that wields influence on decision making for the sustainable growth of companies	Pursuing the achievement of stable management performance	· General meeting of shareholders (once a year) · Corporate management disclosure Business performance announcement (4 times a year)	· Participate in strategic decision-making procedures and strengthen shareholder profits · Provide corporate management information and enhance financial soundness · Disclose the quarterly business performance and improve the external credit rating
Partners 	Partners	Group that grows together based on partnerships and trust	Establishing a fair financial transaction culture	· Sharing information related to corporate management disclosure with the Korea Federation of Banks · Partner meetings, etc.	· Disclose transparent management information and share the results with the Korea Federation of Banks · Create opportunities for coexistence through mutual cooperation with partners
Local society 	Local society, environmental organizations, press, academia	Group that shares pending issues of the community and cooperates to resolve them	Developing the local community in consideration with social contribution and environmental protection, etc.	· Joint research · Local consultative group · Subsidiary volunteer corps, etc.	· Conduct joint research to resolve pending community issues · Cooperate enhancing the local economy and support developing the community · Perform social contribution activities and cooperate with local community issues
Government and supervisory agencies 	Government, National Assembly, Financial Supervisory Service	Group that leads the role of corporate social responsibility to strengthen the financial industry's competitiveness	Strengthening the realization of public interest such as financial inclusion	· Meetings with financial authorities · Regular audits · Participation in government projects · Government financial policy debates, etc.	· Discuss development directions for strengthening the competitiveness of the financial industry · Compliance with financial laws and exercise of fair trade · Strengthen the realization of public benefits by entering work MOUs for government projects, etc. · Discuss the directions of financial policies and strengthen the social responsibilities of finance

Stakeholder Participation and Materiality Assessment

INTRODUCTION

ESG STRATEGY & PROGRESS

BNK Financial Group ESG Strategy

Stakeholder Participation and Materiality Assessment

BNK Financial Group

ESG Performance

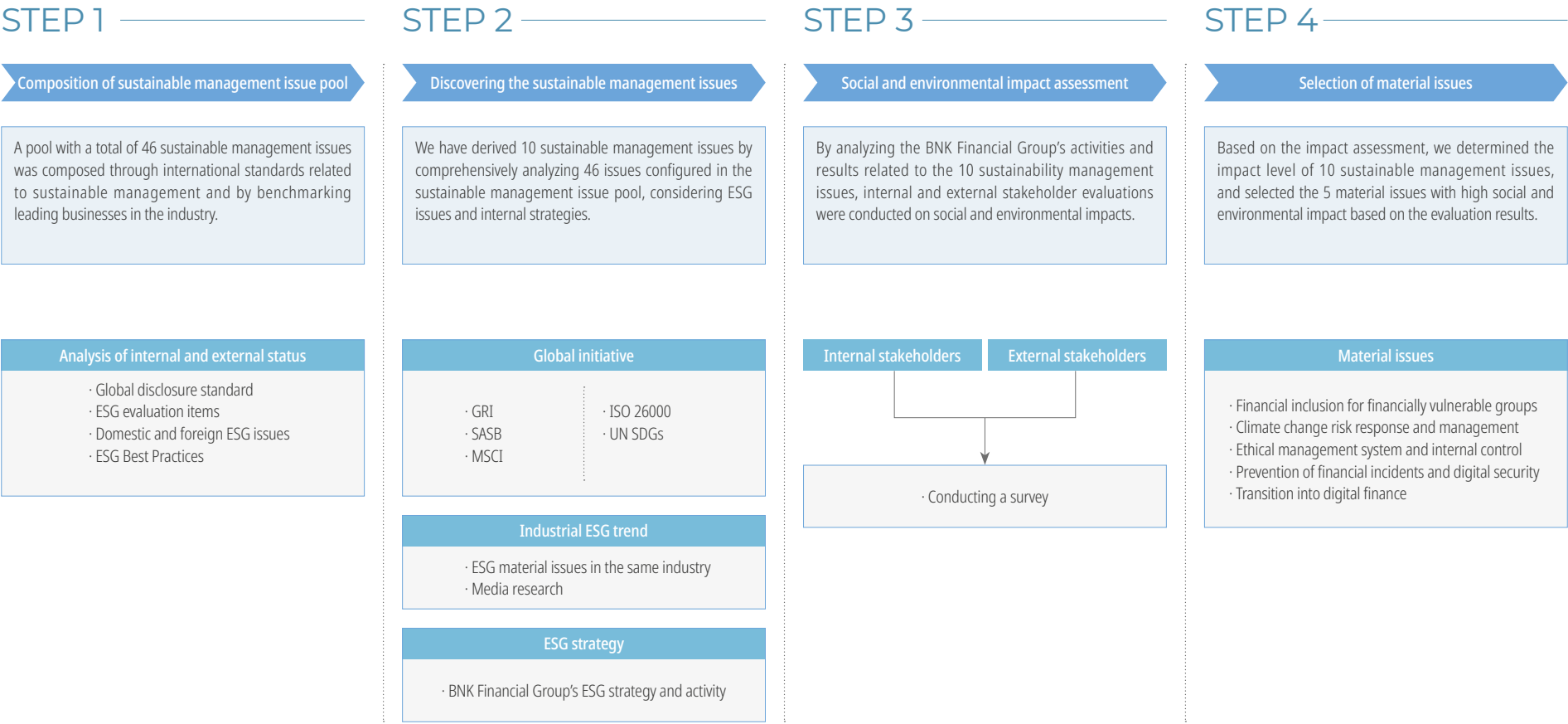
FOCUS AREA

ESG MANAGEMENT

APPENDIX

Materiality Assessment Process

The BNK Financial Group conducts a materiality assessment every year to identify and manage key issues that can affect our sustainable management activities. In 2022, We have conducted a materiality assessment in accordance with the Global Reporting Initiative's (GRI) Standards, a global sustainable management reporting guideline. An issue pool was formed based on the results of internal and external environmental analyses, including international standard indices related to sustainable management, benchmarking of other companies, and media research. We identified 10 sustainability management issues by comprehensively analyzing ESG issues and internal strategies surrounding the BNK Financial Group. For each issue identified, social and environmental impact assessments were conducted to analyze 'business impact' and 'stakeholder' interests', and material issues were selected based on the results. The BNK Financial Group manages these material issues from a company-wide perspective by reporting them to the management and the board of directors and strives to record transparently related activities and achievements in our sustainability report.



Stakeholder Participation and Materiality Assessment

INTRODUCTION

ESG STRATEGY & PROGRESS

BNK Financial Group ESG Strategy
Stakeholder Participation
and Materiality Assessment
BNK Financial Group
ESG Performance

FOCUS AREA











ESG MANAGEMENT

APPENDIX

Materiality Assessment Results

Based on the 46 issues included in the issue pool established in Step 1, we derived 10 sustainable management issues that affect the BNK Financial Group, reflecting elements related to internal and external environments. We defined the 16 impacts that the BNK Financial Group's ESG management activities could have in relation to the derived 10 sustainable management issues, and analyzed them by dividing their characteristics into positive and negative, actual impacts that can influence the present, and potential impacts that can affect the future. Additionally, we conducted a survey among internal and external stakeholders to evaluate the level of these impacts, and we classified the level of impact into high, medium, and low categories based on the survey results.

● High ● Medium ● Low

Issues	Major impacts	Characteristic of impact	Level of environmental and social impact
Management Responses to Climate Change Risks 	Contribute to reducing carbon emissions in domestic industry by achieving net-zero emissions in finance	Positive/Potential	●
	Invoke an increase in credit risk for corporates in industries considered for divestment	Negative/Potential	
Green Finance and Responsible Investment 	Contribute to the spread of green infrastructure through green SOC investments	Positive/Actual	●
	Secure green business funding channels through ESG funds, green PI, and green loan products	Positive/Actual	
Financial Inclusion for Financially Vulnerable Groups 	Relieve financial burden of financially vulnerable groups in local community	Positive/Potential	●
Prevention of Financial Incidents and Digital Security 	Enhance customer service trust through compliance with information protection	Positive/Potential	●
	In case of issues with the operation of information protection management system, occurrence of customer personal information leakage incidents and infringement of customer rights	Negative/Potential	
Diversity of Employees and Equal Opportunities 	Increase employee satisfaction through building an inclusive corporate culture	Positive/Potential	●
Contribution to Local Community 	Contribute to the development of the local community through social contribution activities of local finance group	Positive/Potential	●
	In case social contribution activities are underperforming, increase in pressure on local community social contribution activities from financial authorities and society	Negative/Actual	
Revitalization of Local Economy 	Establish a foundation for local economic revitalization	Positive/Potential	●
Transition to Digital Finance 	Achieve transition to digital finance based on customer experience for convenient financial services	Positive/Potential	●
	Contribute to the growth of digital finance sector ecosystem through collaboration with fintech companies	Positive/Potential	
Financial and Non-financial Integrated Risk Management 	Secure a foundation for stable management	Positive/Potential	●
Ethical Management System and Internal Control 	Decrease in corporate reputation through media coverage in case of ethical compliance risk occurrence	Negative/Potential	●
	Enhance corporate credibility through ethical management activities	Positive/Potential	

Stakeholder Participation
and Materiality Assessment

INTRODUCTION

ESG STRATEGY & PROGRESS














BNK Financial Group ESG Strategy
Stakeholder Participation
and Materiality Assessment
BNK Financial Group
ESG Performance

FOCUS AREA

ESG MANAGEMENT

APPENDIX

Material Issue Management

Material issues	Definition of issue	Risk and opportunity factor	BNK Financial Group's response and plan	GRI	UN SDGs	Report Page
Financial Inclusion for the Financially Vulnerable Groups 	Activity that enhances the capability of creating long-term value by regulating our principal banking operations according to the risks and opportunities of financially vulnerable customers. Also, providing products and services to previously marginalized markets through new financial models and technologies	Financial products and services that consider the demands and accessibility of the financially vulnerable groups are important means that can contribute towards reducing poverty and inequality, and are the core of sustainable management. Recognizing the financially vulnerable groups as a main customer goes beyond the practice of social responsibility of financial companies, and can also serve as an opportunity factor for attracting new customers and expanding market share.	Starting from 2022, we are currently implementing the 'Crisis Overcoming Together Project' with a scale of 14.7205 trillion KRW composed of inclusive financial support, vulnerable group support, and resurgence support for three years. We provide tailored financial products and services for financially vulnerable groups and local small business owners, and we are expanding financial education targeting the financially vulnerable groups (disabled, seniors, etc.) to address the financial blind spots.	-	  	78-82
Management Responses to Climate Change Risks 	Activity to establish a system to identify and preemptively manage the climate change risks that can affect the company such as physical risks and transition risks of investment assets in addition to workplaces, and to minimize the company's negative impacts on the climate	Climate change can cause risks such as devaluation of assets in carbon-intensive industries, increased operational costs and deterioration of profitability in the financial industry. It is important for the BNK Financial Group to manage carbon emissions of financial assets and collaborate with international groups addressing climate change in response to such climate change risks.	The BNK Financial Group discusses climate change-related issues and determines strategies and goals primarily through its ESG Committee and Risk Management Committee within the Board of Directors. Also, we are committed to achieving Net-Zero greenhouse gas emissions by 2045 and 2050 through the reduction activities of internal emissions and financial emissions (greenhouse gas emissions within the asset portfolio). In 2022, we executed 10 primary tasks for achieving carbon emission reduction targets and built an environmental management system to calculate emissions using sophisticated measurement methodologies.	GRI 305	 	17-37
Ethical Management System and Internal Control 	Establish and internalize norms, policies, and handling processes that can prevent and manage corruption and fraud, thereby fulfilling the ethical responsibilities of the Group	Due to the nature of the financial industry, which manages and operates assets of individuals and corporations, a high level of ethical awareness and an ethical management system are necessary. Particularly, ethical compliance risk can undermine corporate reputation and stakeholders' trust. It is important to maintain the trust of all stakeholders including customers and investors by establishing transparent and fair corporate ethics throughout all business activities and complying with financial regulatory authorities.	The BNK Financial Group established the 'Internal Control Practitioners Council' in 2022 to reinforce internal controls and reports the group's overall internal control activities to the board of directors annually. We conduct various compliance inspection activities and training to enhance the employees' ethical practices and awareness. Additionally, we operate a system for choosing high-performing subsidiaries for internal control monitoring across all the subsidiaries.	GRI 205		109-114
Prevention of Financial Incidents and Digital Security 	An essential responsibility of commercial banks is an activity for protecting data from cyber security threats and security breaches that compromise the personal identifying information of customers	Compliance with information protection is directly linked to the trustworthiness of customer service and corporate competitiveness. If problems occur in the operation of the information protection management system, it could lead to incidents such as customer personal information leakages and infringement of customer rights, which could potentially result in legal and financial risks.	We regularly convene an Information Protection Committee and are strengthening information security governance by establishing a dedicated organization for personal credit information protection. We continuously conduct vulnerability assessments on our internal information protection management system and risk response training to maintain domestic and foreign certifications for the information protection management system. Moreover, we have set up a system to prevent victims of electronic financial crimes such as voice phishing and are actively conducting preventive education.	GRI 418		71-75
Transition to Digital Finance 	Activities to provide digital-based financial services through strategic business alliances with fintech companies, improvements in mobile-centered contactless platform infrastructure, and operation of organizations dedicated to digital finance	New financial services that integrate innovative technologies affect the company AI, big data, etc. are being implemented in the fourth industrial revolution and rapidly changing digital environment. It is an important time to create new business opportunities for the financial industry through digital empowerment. The digital transformation can not only improve customer experiences across channels, but also enhance internal operations and business efficiency.	In 2022, we establish the digital transformation (DT) strategic direction and the execution management organization system for each subsidiary. We are implementing initiatives in line with a total of five strategic directions: 'enhancing customer experience', 'maximizing internal operational efficiency', 'innovating data-based work', 'improving local financial services', and 'building a digital organizational culture'.	-		60-64

Core Issue ISSB General Requirements Disclosure

The BNK Financial Group is managing its operations based on the five core issues derived from the materiality evaluation, referring to the ‘IFRS S1 General Requirements’ and ‘IFRS S2 Climate-related Disclosures’ announced by the International Sustainability Standards Board (ISSB) in March 2022. These core issues are organized into the four categories of governance, strategy, risk management, indicators, and targets.

Category	Financial Inclusion for the Financially Vulnerable Groups	Ethical Management System and Internal Control	Management Responses to Climate Change Risks	Prevention of Financial Incidents and Digital Security	Transition to Digital Finance
Governance	<ul style="list-style-type: none">Group's compliance monitoring department and subsidiaries' financial inclusion department	<ul style="list-style-type: none">Report the results of the Internal Control Committee and the Internal Control Practitioners Council to the Board of Directors	<ul style="list-style-type: none">Report and decide on agenda related to climate change within the Board of Directors of the Group, ESG Committee, and Risk Management Committee	<ul style="list-style-type: none">Appointment of a Chief Consumer Officer (CCO) directly under the Bank PresidentEstablishment of an organization dedicated to the personal credit information protection within the bank	<ul style="list-style-type: none">Digital Strategy Committee and DT-dedicated department of the major 5 subsidiaries
Strategy	<ul style="list-style-type: none">Implement Group-wide project - Crisis Overcoming Together ProjectLaunch of inclusive financial products and services	<ul style="list-style-type: none">Operate an insider reporting system and anti-money laundering systemImplement compliance monitoring program	<ul style="list-style-type: none">Implement of 2050 Net-zero roadmap	<ul style="list-style-type: none">Incomplete sales prevention activitiesEstablish an Integrated Voice Phishing Damage Prevention Monitoring SystemOperate a voice phishing notification system	<ul style="list-style-type: none">Develop digital finance strategies and implement promotion tasksOperate digital voucher serviceSupport for fintech startups
Risk management	<ul style="list-style-type: none">Check on the group's inclusive finance business manualReview the inclusive finance strategic direction according to the Financial Supervisory Service's plan annually	<ul style="list-style-type: none">Perform preliminary monitoring on key matters under compliance monitoring regulationsReview the internal control operating status and related internal transactions across all subsidiaries	<ul style="list-style-type: none">Analyze climate change scenarioAnalyze industries with high financial impact of climate change	<ul style="list-style-type: none">Establish internal control regulations for financial consumer protection and conduct evaluations of financial consumer protection activitiesOperate an integrated security monitoring system based on big dataPerform a real-time risk assessment on information assets	<ul style="list-style-type: none">Status check of DT strategy tasks within the Digital Strategy CommitteePerformance check of digital voucher usage
Indicators and targets	<ul style="list-style-type: none">2025 Crisis Overcoming Together Project Goal: (Cumulative) 14.7205 trillion KRW2022 Crisis Overcoming Together Project Result: 4.5262 trillion KRW	<ul style="list-style-type: none">Results of 2022 internal control preliminary monitoring: 207 casesResults of 2022 subsidiary internal transactions review: 3,933 cases	<ul style="list-style-type: none">Internal emission reduction target: 4.35% reduction annually based on 2022 emissionsFinancial emissions reduction target: Achieve 26% by 2030, 55.2% by 2024, and Net-zero by 2050, all compared to 2022 emissions2022 internal emissions: 29,571 tCO₂eq2022 financial emissions: 2,344 million tCO₂eq(excluding government bond)	<ul style="list-style-type: none">2022 Mystery Shopping performance: 7 times at Busan Bank, 5 times at Kyongnam Bank2022 Customer Financial Education target: 150 times at both Busan Bank and Kyongnam Bank2022 Customer Financial Education performance: 265 times at Busan Bank, 606 times at Kyongnam Bank	<ul style="list-style-type: none">2022 digital finance usage status (MAU, Monthly Active User) performance: 1.47 million people

INTRODUCTION

ESG STRATEGY & PROGRESS

BNK Financial Group ESG Strategy
Stakeholder Participation
and Materiality Assessment
[BNK Financial Group
ESG Performance](#)

FOCUS AREA

ESG MANAGEMENT

APPENDIX

2022 ESG Performance Dashboard

Innovative Finance Support

Balance of innovative SME support products
(including technology finance) in 2022:

8.9744 trillion KRW

Providing Financial Education to Customers

Number of customers who participated in
financial education in 2022:

29,304 people

Social Contribution Investment

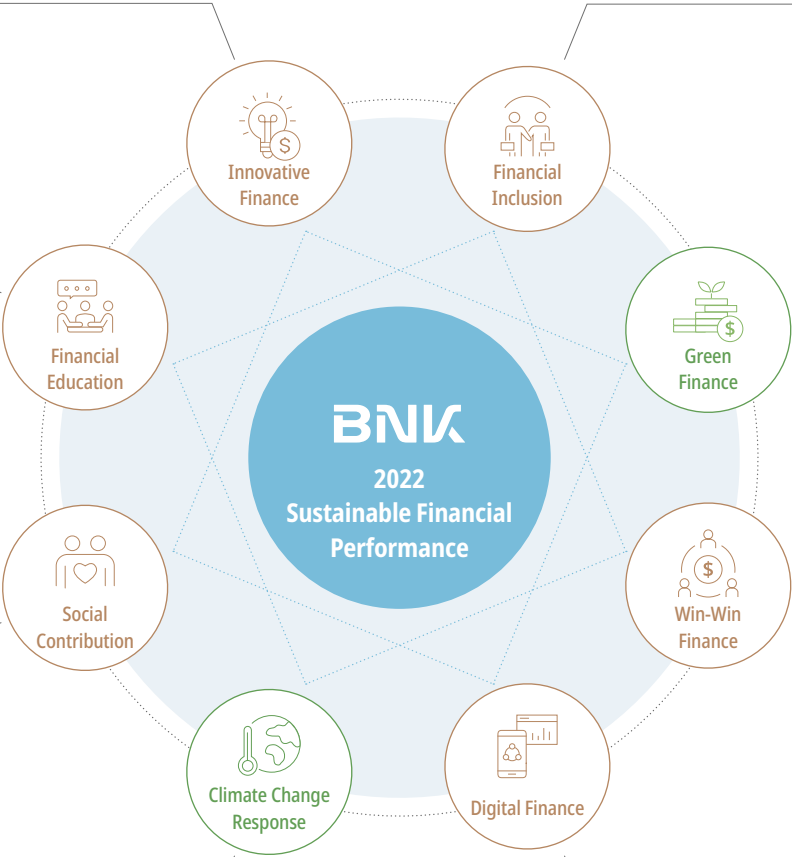
Amount invested in social contribution in 2022:

74,692 million KRW

Financial Emissions

2022 Financial emissions:

25,736,976 tCO₂eq



Overcoming Crisis Together Project

The performance of 'Overcoming Crisis Together Project' in 2022:

4.5262 trillion KRW

Supporting Green Finance

Balance of green loans, deposits and investments (green SOC) in 2022:

1.3176 trillion KRW

Supporting Win-Win Finance

Local currency operations in 2022:

2.2 trillion KRW

Expansion of Contactless Digital Transaction

Balance of digital contactless loans and deposits in 2022:

10.2414 trillion KRW

Focus Area 1.

Climate Finance

→	Implementation of TCFD Recommendations	17
→	Governance	18
→	Strategy	21
→	Risk Management	28
→	Metrics and Targets	32

INTRODUCTION
ESG STRATEGY & PROGRESS
FOCUS AREA
Climate Finance
Implementation of TCFD Recommendations
Governance
Strategy
Risk Management
Metrics and Targets
Humancentric Finance
Human Rights Management
ESG MANAGEMENT
APPENDIX

Implementation of TCFD Recommendations

Governance

Stabilization of governance in response to climate change

- Holding regular ESG committee meeting and implementing performance reporting system

Establishment of ESG Strategy Team

- Establishment of ESG-dedicated planning department to strengthen expertise and implementation capacities

R&R Setting between organizations

- R&R setting between the ESG department and the risk management department

Strategy

Analysis of risks and opportunities according to climate change

- Classification of risks and opportunities related to climate change according to TCFD recommendations

Execution and monitoring of a carbon neutral implementation plan for responding to climate change

- Execution of implementation plans to meet internal and financial carbon reduction goals

Establishment of scenario analysis system

- Establishment of transition risk and physical risk analysis system
- Conducting financial impact analysis

Risk Management

Establishment of carbon emission measurement and monitoring system

- Internal carbon emissions : Establishment of Environmental Management System (EMS)
- Financial emissions: Establishment of system for measuring financial emissions of asset portfolios (Scope 3) according to PCAF standards is in progress (scheduled to open in October 2023)

Analysis and monitoring of carbon emission status by industry

- Analysis of financial emissions status and intensity by climate-related industry and target setting sector

Review of strengthening implementation capacities including enactment of risk management bylaws

- Climate risk best practice guidelines to be reviewed and established

Metrics and Targets

Measurement and target setting according to the establishment of a carbon emission measurement system

- Establishment of Environmental Management System (EMS) and re-setting targets

Scope 1&2 internal emissions

29,571 tCO₂eq

Carbon intensity

3.91 tCO₂eq/100 million KRW

Reduction targets: 2030 compared to 2022

34.8% reduction

Achieve net zero by 2045

Measurement and target setting of financial emissions

- Measuring financial emissions including Scope 3 in asset portfolios and re-setting targets

Scope 3 financial emissions

2,434 million tCO₂eq

(excluding government bonds)

Carbon intensity

32.1 tCO₂eq/100 million KRW

Reduction targets: 2030 compared to 2022

26.0% reduction

Achieve net zero by 2050

INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

Climate Finance

Implementation of
TCFD Recommendations
[Governance](#)
Strategy
Risk Management
Metrics and Targets

Humancentric Finance

Human Rights Management

ESG MANAGEMENT

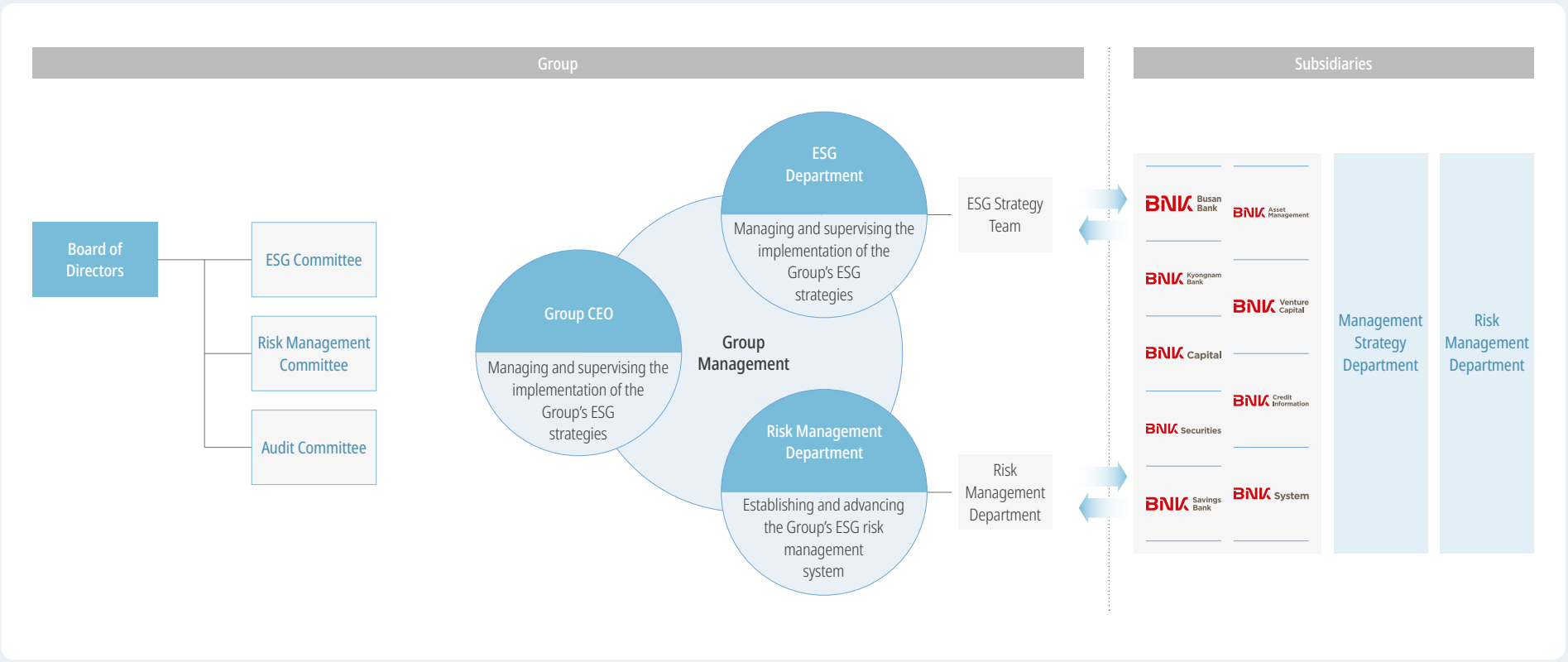
APPENDIX

Governance

The crisis resulting from climate change is accelerating which goes beyond an environmental problem, thus demands the reorganization of a new economic order. Recognizing the direction of change towards a low-carbon economy, the BNK Financial Group has established and operates a systematic and rational governance structure that can ensure proactive responses and implementation capabilities at a company-wide level.

Governance in Response to Climate Change

The BNK Financial Group's governance to respond to climate change consists of the Board of Directors (BOD), management, and subsidiaries. The group management's intent to practice ESG is being reflected to management, and the ESG Committee is operating as the control tower for climate-related issues to be discussed by the BOD. The ESG Strategy team which is the dedicated ESG department of the Group, oversees ESG management strategies and responses to climate change, and manages implementation achievements for promoting ESG. The Risk Management Department oversees the management of financial and non-financial risks associated with climate change, and devises strategies for measuring financial emissions and related portfolios. The Business Strategy and Risk Management Departments of subsidiaries specify the subsidiaries' ESG and climate change response strategies and manage performance according to the group's ESG strategic direction.



FOCUS AREA

Climate Finance

Implementation of
TCFD Recommendations
Governance

Strategy

Risk Management

Metrics and Targets

Humancentric Finance

Human Rights Management

Role of the Board of Directors

The BNK Financial Group performs roles such as discussing climate change-related issues, determining strategies and targets, and monitoring the progress of ESG-related promotion tasks primarily through the ESG Committee and the Risk Management Committee within the board of directors. The ESG Committee convenes at least once semi-annually, reports on the status of Group's ESG strategy and policies in response to climate change, and regularly reports the ESG Action Plan after compiling it from the holding company and its subsidiaries.

- Group ESG promotion strategy is composed of 9 key initiatives according to the 3 strategic directions of 'Responsible Growth', 'Mutual Growth', and 'Trustworthy Growth'. The 'Strategies to Respond to Climate Change' is included in the 9 key initiatives, and relevant items are reported on a regular basis.
- The major achievements of Action Plan have been reported annually, once in February 2022 and once in April 2023.

Committee Reporting System

The ESG Committee and the Risk Management Committee, which are currently operating within the Board of Directors, have established and operate a reporting system to identify climate-related opportunities and risks for the purpose of developing appropriate strategies and targets. The progress of responding to opportunities and risks related to climate change is reported to the ESG Committee while the progress of climate risks and management status are reported to the Risk Management Committee.

Resolutions and Reports of the ESG Committee

Date	Resolutions and Reports	
2022.02.10 (the 1 st Committee Meeting)	(Report) <ul style="list-style-type: none">· Joining of PCAF, plans on developing carbon net-zero goals· Publication plan of sustainability report· Report of major achievements of the ESG Action Plan (2021 achievements)	
2022.03.25 (the 2 nd Committee Meeting)	(Resolution) <ul style="list-style-type: none">· Appointment of the Chairman (Proposal)	
2022.07.25 (the 3 rd Committee Meeting)	(Resolution) <ul style="list-style-type: none">· Appointment of the Chairman (Proposal)	(Report) <ul style="list-style-type: none">· Report on the Publication of the 2021 Sustainability Report
2022.12.19 (2022.07.25 (the 4 th Committee Meeting)	(Resolution) <ul style="list-style-type: none">· Report on the Results of the 2022 ESG Evaluation KCGS	
2023.04.27 (the 1 st Committee Meeting)	(Resolution) <ul style="list-style-type: none">· Promoting consulting on implementing the Environment Management System (EMS)· Publication plan of sustainability report· Report of major achievements of the ESG Action Plan (2022 achievements)	

Category	ESG Committee	Risk Management Committee
Resolutions	· Developing Group's ESG strategies and policies · Matters related to the enactment and opening/closing of internal regulations related to ESG	· Developing a basic risk management policy in line with the ESG strategy · Determination of an acceptable level of risk · Enactment and revision of risk management committees and risk management regulations · Matters on the operation of a risk management information system, including the financial emissions system
Reports	· Matters related to the publication of the sustainability report · Matters related to external assessment results on ESG · ESG management execution status	· Management status of various risks and risk limits · Matters related to risk management submitted to the Business Management Council · Progress on the occurrence of Group's significant strategic and reputation risks and its response

Roles and Responsibilities between Climate-related Organizations

The ESG Strategy Team, the group's ESG department, manages ESG strategies and performances regarding climate change responses, while the Risk Management Department conducts climate change-related risk assessment and management.

Category	ESG Strategy Team	Risk Management Department
Strategy	· Declaration and development of carbon neutrality strategy	· Provision of analytical information for developing strategy
Organization	· Operation of ESG Committee	· Operation of Risk Management Department
Disclosure	· Publication of sustainability Report, TCFD Report (Responding to investors and credit rating agencies)	· Provision of analytical information within disclosure reports (Responding to Supervisory Authorities)
Evaluation and management	· Setting and managing carbon neutrality goals · Selection of detailed implementation tasks for reaching reduction targets · Identification of opportunity factors and development of execution strategies · Management of implementation status of subsidiary	· Setting climate risk management standards and guidelines · Reflecting the environmental factors in corporate credit rating · Response to regulations of supervisory authority · Measurement and intensity management of financial emissions · Selecting the Significant/High-Carbon industries and developing exposure management/limit management strategies · Scenario Analysis
System	· Operation of Environment Management System (Scope 1&2) · Monitoring of reduction status according to targets	· Operation of financial emission measurement system (Scope 3) · Operation of corporate credit rating model

Reflect Climate Change in Performance Review

The BNK Financial Group has been setting ESG related goals such as group management innovation tasks and major business plans by department, and utilizes them for performance evaluations. The CEO's performance evaluation is composed of quantitative goals reflecting financial performance and qualitative goals reflecting innovation tasks of management. In 2022, we have strengthened responsible management by setting ESG related goals such as the advancement of ESG management system and responses to climate change in the management innovation projects. Furthermore, Busan Bank and Kyongnam Bank are also establishing ESG indicators as KPI items and reflecting them on performance evaluations targeting the business headquarters and their departments in 2022. We selected ESG indicators such as achievement of energy consumption, reduction rate of paper and printer toner usage, and reduction rate of greenhouse gas emissions and applied them to the performance evaluation for each department. The KPIs of such business headquarters are reflected in the performance evaluation of the manager of department, based on key business achievements, level of efforts, and so on. Going forward, the BNK Financial Group plans to expand the application of ESG performance evaluation items to all of its subsidiaries and related departments.



- INTRODUCTION
- ESG STRATEGY & PROGRESS
 - FOCUS AREA
 - Climate Finance
 - Implementation of TCFD Recommendations
 - Governance
 - Strategy
 - Risk Management
 - Metrics and Targets
 - Humancentric Finance
 - Human Rights Management
 - ESG MANAGEMENT
 - APPENDIX

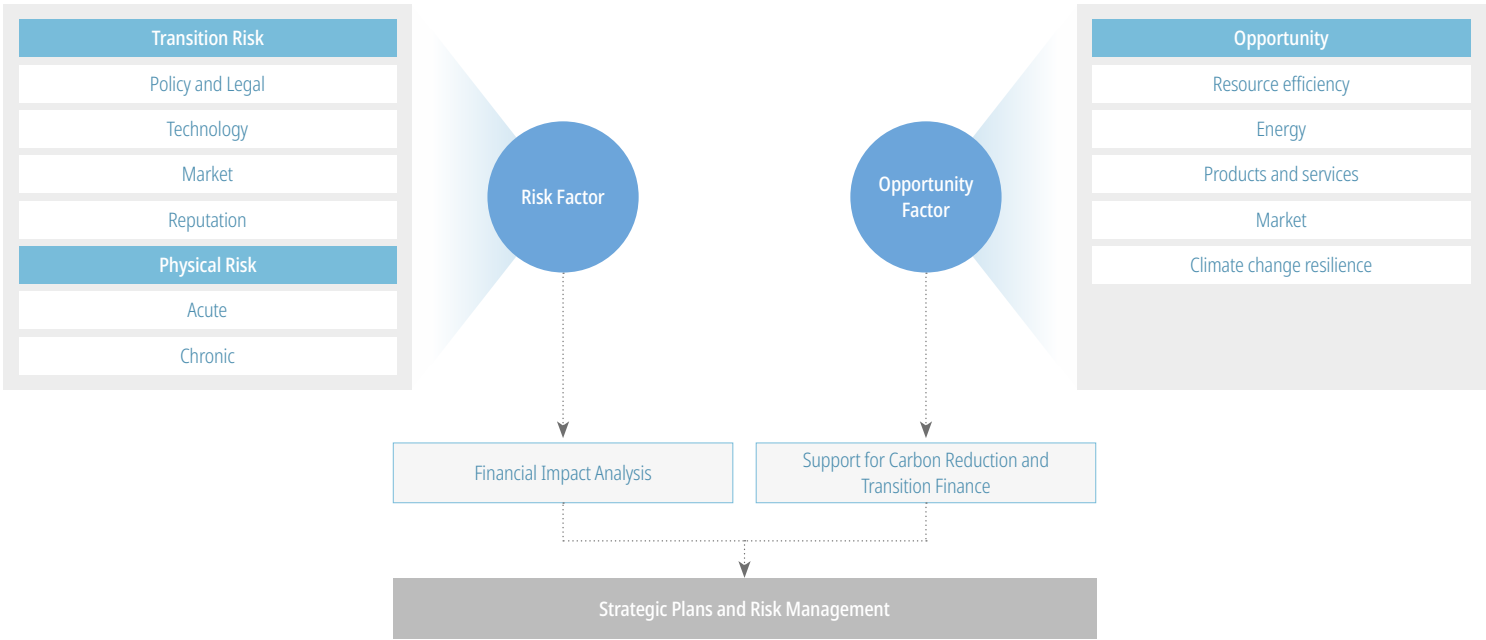
Strategy

Climate change entails risks but also provides opportunities associated with the transition to a low-carbon society. The BNK Financial Group is performing scenario analysis for asset portfolios and measuring financial emissions to quantitatively identify climate change risks and opportunities in detail. Based on this, we plan to implement climate-related strategies and financial emissions reduction strategies to bring about practical changes. We pledge to support carbon reduction and to expand transition to a low-carbon finance, thereby doing our utmost for carbon neutrality policies.

Climate Change Risks and Opportunities

In order to identify the risks associated with climate change, we conducted a crisis situation analysis of transition and physical risks and quantified the risks associated with climate change. In line with the transition to a low-carbon economy, we plan to expand the scope of financial support for carbon reduction and transition finance that serve as opportunity factors. The BNK Financial Group, as a regional financial institution based in Busan, Ulsan, and Gyeongnam province, commits to harmonize with the local community and contribute to the transition to a low-carbon society.

Strategizing Risks and Opportunities according to Climate Change



Risks and Opportunities from Climate Change

The BNK Financial Group classifies and analyzes climate change-related risks and opportunities based on the timeline of occurrence, in accordance with TCFD recommendations. The timeline was defined as follows: until 2030 as 'short-term', until 2040 as 'mid-term', and until 2050 as 'long-term'.

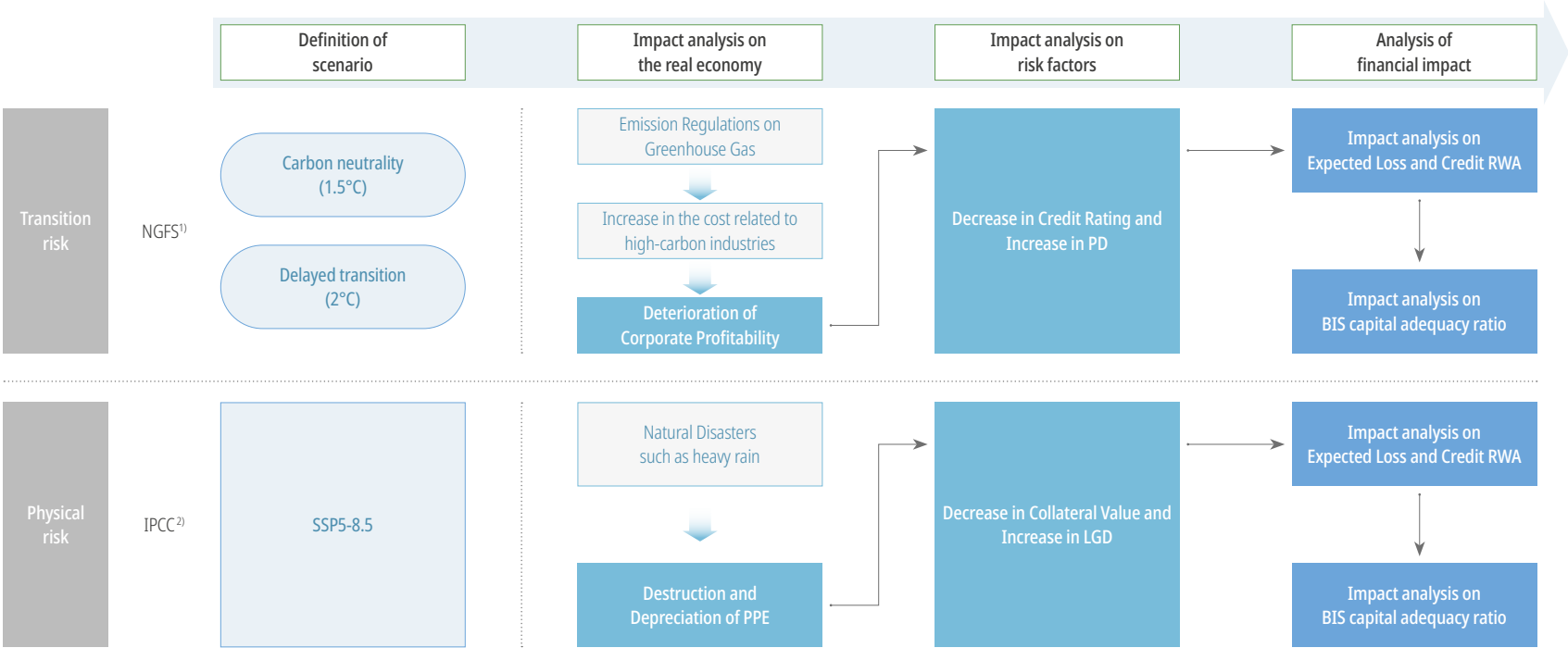
● Short-term ● Mid-term ● Long-term

Risk		Description	Timeline
Transition Risk	Policy/ Legal	<ul style="list-style-type: none">There can be an increase in credit risk due to rising carbon emission prices, stronger enforcement of environmental disclosure, lawsuits, etc.As policies related to climate change are being reinforced, corporate strategies are transitioning; in accordance with such situations, resilience must also be enhanced for the asset portfolio.	<div>●</div> <div>●</div> <div>●</div>
	Technology	<ul style="list-style-type: none">Earnings on investments can be affected due to increased costs for invested companies for developing green/low-carbon technologies or drop in value for companies that could not successfully achieve technological transition.	<div>●</div> <div>●</div>
	Market	<ul style="list-style-type: none">Consumer behavior and market are changing with regard to climate change issues. This can affect corporate value; depending on the level of climate change response, it can be connected to withdrawal of funds from investors or drop in stock prices, thereby resulting in financial impact.	<div>●</div> <div>●</div>
	Reputation	<ul style="list-style-type: none">There can be criticism of green washing regarding indiscreet ESG response; and depending on the ESG evaluation index, credit rating and ESG evaluation rating can drop for the entire group. This can impact the reputation of the Group that represents the Gyeongnam region.	<div>●</div> <div>●</div>
	Acute Risk	<ul style="list-style-type: none">Acute risks such as wildfires, extreme rain, typhoon, earthquake, etc. can damage tangible assets; thus lowering the collateral value. In particular, the Group's real estate-related assets such as commercial real estate, mortgage, etc. account for a large portion of the total portfolio. Therefore, acute risks can lead to financial risks.In addition, it can have direct damage on the facilities of the Group such as bank branches, etc., so there are also risks of operational disruptions and lowering operating margins such as disruption of operations, destruction of supply chains, worsened health of employees, etc.	<div>●</div> <div>●</div>
Physical Risk	Chronic Risk	<ul style="list-style-type: none">Chronic risks that occur with long-term changes such as climate pattern changes, average temperature, and rising sea levels can increase the overall operation costs of the company and capital expenses.	<div>●</div>
Opportunity		Description	Timeline
Resource efficiency		<ul style="list-style-type: none">In the event that an investment company responds to climate change and improves energy efficiency, operation costs can be saved, which will lead to improved profits.By improving the energy efficiency of tangible assets such as offices, data centers, bank branches, etc., operation costs and carbon emissions can be reduced.	<div>●</div> <div>●</div>
Energy resources		<ul style="list-style-type: none">Carbon emissions can be reduced by transitioning energy resources such as expanding the use of renewable energy, implementing EVs, self-generation, etc. while reducing exposure to higher carbon taxes and fossil fuel prices in the future.	<div>●</div> <div>●</div>
Products and services		<ul style="list-style-type: none">We are expanding products and services that provide support for positive impact on the society and environment while ensuring profits for customers.Opportunities and risks are being identified by disclosing the ESG-related indices and performance of portfolio products to enhance competitiveness.	<div>●</div> <div>●</div> <div>●</div>
Market		<ul style="list-style-type: none">It is possible to enter new markets by expanding loans for green projects such as green technology development, etc. and launching SLL (Sustainability Linked Loans).We support the revitalization of market on green projects such as issuing green bonds to contribute to transitioning to a low-carbon society, protecting the ecosystem, etc.	<div>●</div> <div>●</div>
Resilience		<ul style="list-style-type: none">By actively exercising rights as shareholders such as participating in the general shareholder meetings, it is possible to protect long-term shareholder value while supporting the ESG efforts of invested companies to improve the resilience of asset portfolios.We are forming company-wide consensus, encouraging participation, and actively responding to climate change through in-company policies such as expanding the ESG training for employees, efforts to reduce individual carbon footprints, etc.	<div>●</div> <div>●</div>

Climate Change Scenario Analysis

The BNK Financial Group performed scenario analysis to analyze the impact of climate change on the Group's portfolio. We have ensured the decision-making for developing climate-related strategies and the resilience of the developed strategy through various scenario analyses, including the 1.5C scenario. We have established a system for analyzing the financial impact up to the capital ratio of this fiscal year, and we will continue to improve for more sophisticated analysis in the future. Scenario analysis was performed by dividing into transition risk and physical risk, and each scenario was structured on the basis of NGFS climate change scenario and IPCC (6th Assessment Report) in accordance with international standards. The transition risk refers to an analysis of the financial impact arising from an increase in corporate costs due to the transition to a low-carbon economy. The physical risk refers to an analysis of the financial impact resulting from a decrease in the collateral value of real estate due to natural disasters.

Scenario Analysis Procedure

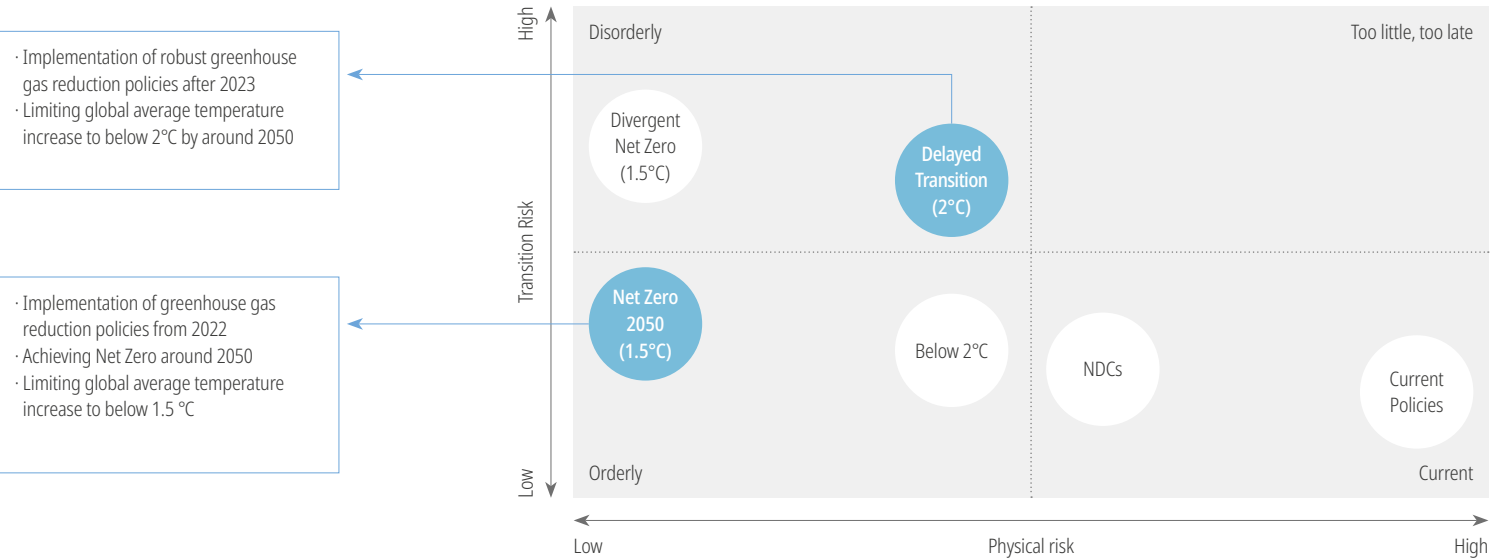


1) NGFS : Network for Greening the Financial System
2) IPCC : Intergovernmental Panel on Climate Change

Transition Risk Scenario Analysis

The transition risk refers to the risk that arises from the government's policy about transition to a low-carbon society and due to changes in the value of financial assets that occur in the industrial restructuring process. The scenario of transition risk is analyzed by defining two out of six scenarios from NGFS – carbon neutrality and delayed transition. NGFS provides greenhouse gas emission pathways and carbon prices for each scenario, and we have utilized this information in our analysis. We have reflected a decrease in corporate credit ratings due to the increase in carbon costs as a financial impact, based on greenhouse gas emission pathways and carbon price scenarios.

Transition Risk Scenario



Result of Transition Risk scenario analysis (BIS ratio)

Category	2022	Net Zero 2050 (1.5°C)			Delayed Transition (2°C)		
		2030	2040	2050	2030	2040	2050
BNK Financial Group ¹⁾	13.65%	13.59% (△0.06%p)	13.19% (△0.46%p)	13.00% (△0.65%p)	13.62% (△0.03%p)	12.97% (△0.68%p)	12.69% (△0.96%p)

1) Static financial statements applied

INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

Climate Finance

Implementation of
TCFD Recommendations
Governance
Strategy
Risk Management
Metrics and Targets

Humancentric Finance

Human Rights Management

ESG MANAGEMENT

APPENDIX

Physical Risk Scenario Analysis

Physical risk refers to risks arising from climate change, and it is analyzed in terms of the financial impact on the BNK Financial Group regarding physical damage on the asset side. The physical risks scenario was defined as SSP5-8.5 among the scenarios of the IPCC's 6th Assessment Report. Through the analysis of the frequency and depth of rainfall, a manifestation of heavy rain and typhoon (94% of the damage from natural disasters from the years 2011 to 2020) which make up most of the damage scale of natural disasters, we reflected the decrease in the value of real estate collateral held by the BNK Financial Group.

Physical Risk Scenario

SSP1-2.6

Assuming that the technological advance of renewable energy will minimize the exploitation of fossil fuels and lead to an environmentally sustainable economic growth

SSP2-4.5

Assuming an intermediate stage of climate change mitigation and socio-economic development

SSP3-7.0

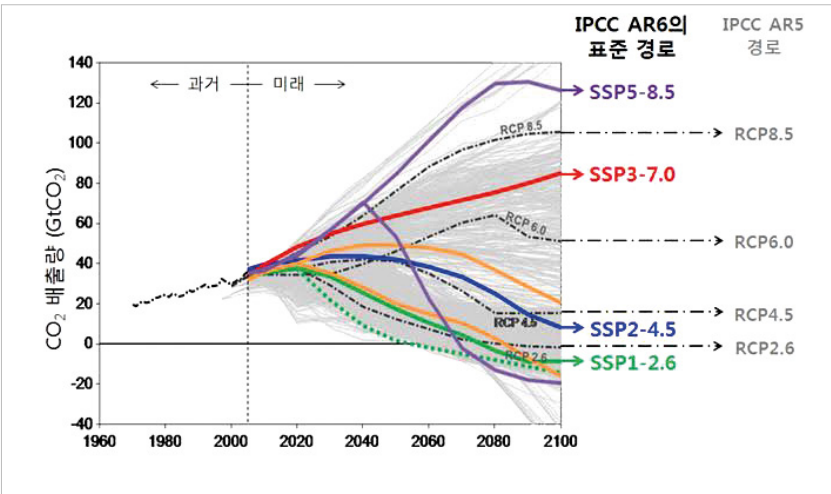
Assuming a social structure that is vulnerable to climate change due to a passive approach to climate change mitigation policies and delays in technological development

SSP5-8.5

(Scenario Analysis)

Assuming that the rapid advances of industrial technology will lead to an indiscreet urban sprawl with high exploitation of fossil fuels

* SSP(Shared Socioeconomic Pathways): Scenarios for the IPCC 6th Assessment Report that reflects future mitigation and adaptation efforts to climate change based on future socio-economic changes, along with the intensity of Radiative Forcing (the original RCP concept) for the year 2100.



Source: Korea Meteorological Administration

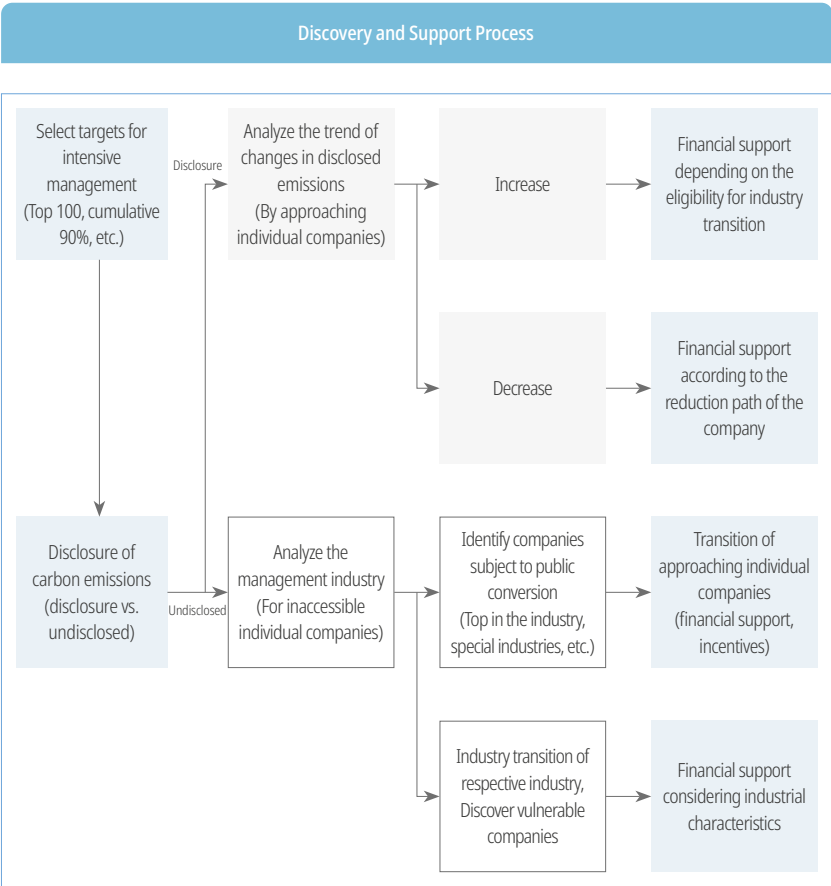
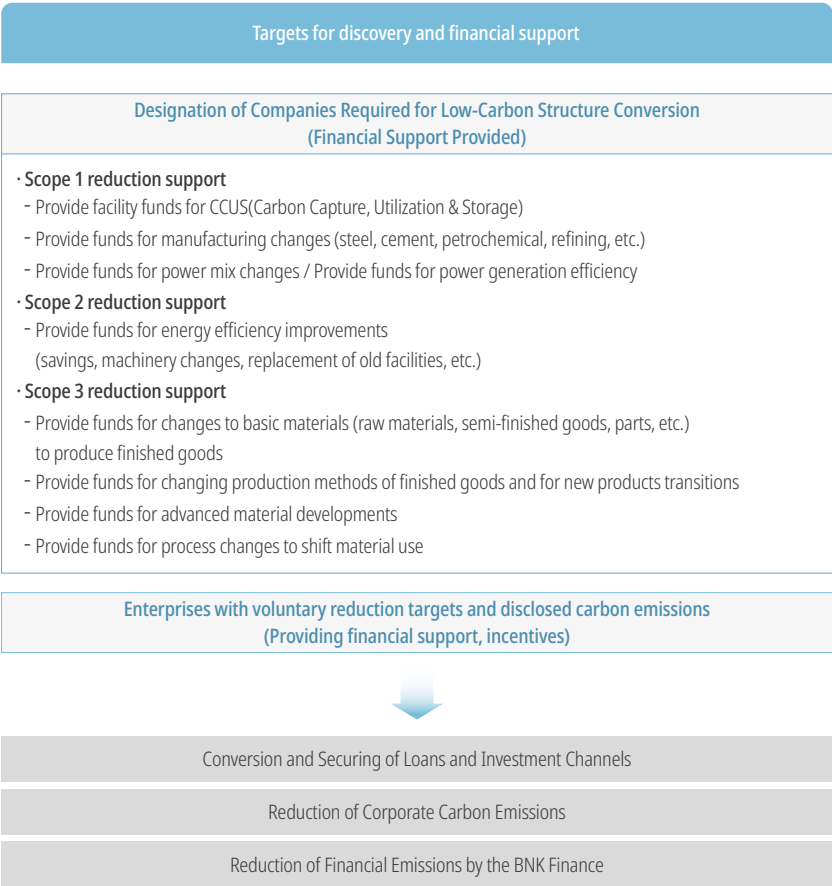
Result of Physical Risk Scenario analysis (BIS ratio)

2022	SSP5-8.5		
	2030	2040	2050
13.65%	13.41% (△0.59%p)	13.06% (△0.92%p)	12.73% (△0.92%p)

Response Strategy to Risks and Opportunities Due to Climate Change

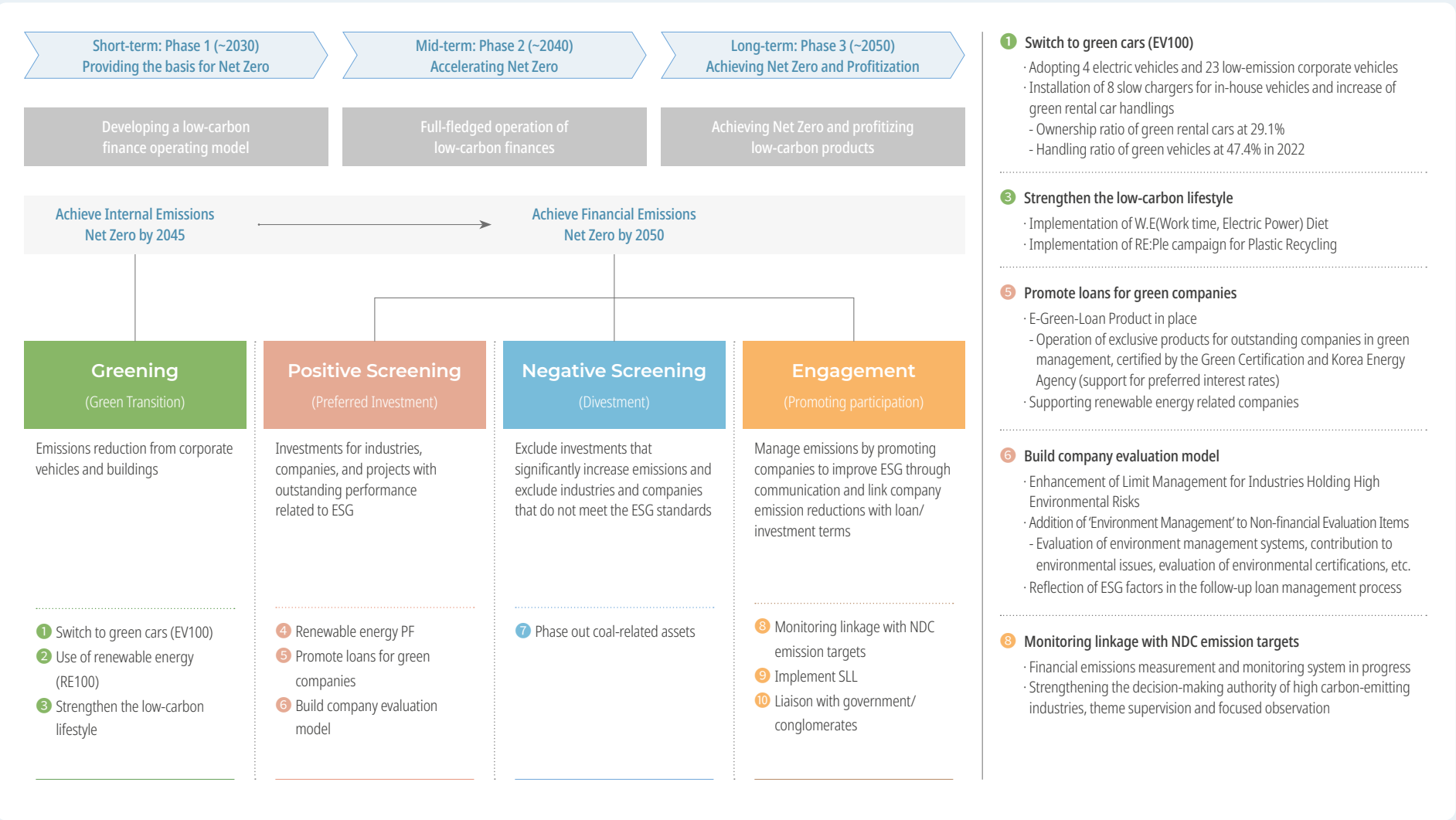
The BNK Financial Group intends to expand financial support and transition finance for carbon reduction, based on the analysis of risks and opportunities due to climate change. The financial support for carbon reduction and transition finance is a strategy that encourages corporate participation for mutual growth (Engagement), by identifying potential opportunities and promoting reduction in corporate carbon emissions. This may contribute to the reduction of financial emissions by the BNK Financial Group.

Carbon Reduction Finance and Transformation Finance



BNK Financial Group Carbon Emission Reduction Road Map and Performance

In accordance with the 2022 Carbon Emission Reduction Road Map, we have implemented and reported the 10 implementation tasks for achieving the reduction targets.



INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

Climate Finance

- Implementation of TCFD Recommendations
- Governance
- Strategy
- Risk Management
- Metrics and Targets

Humancentric Finance

- Human Rights Management

ESG MANAGEMENT

APPENDIX

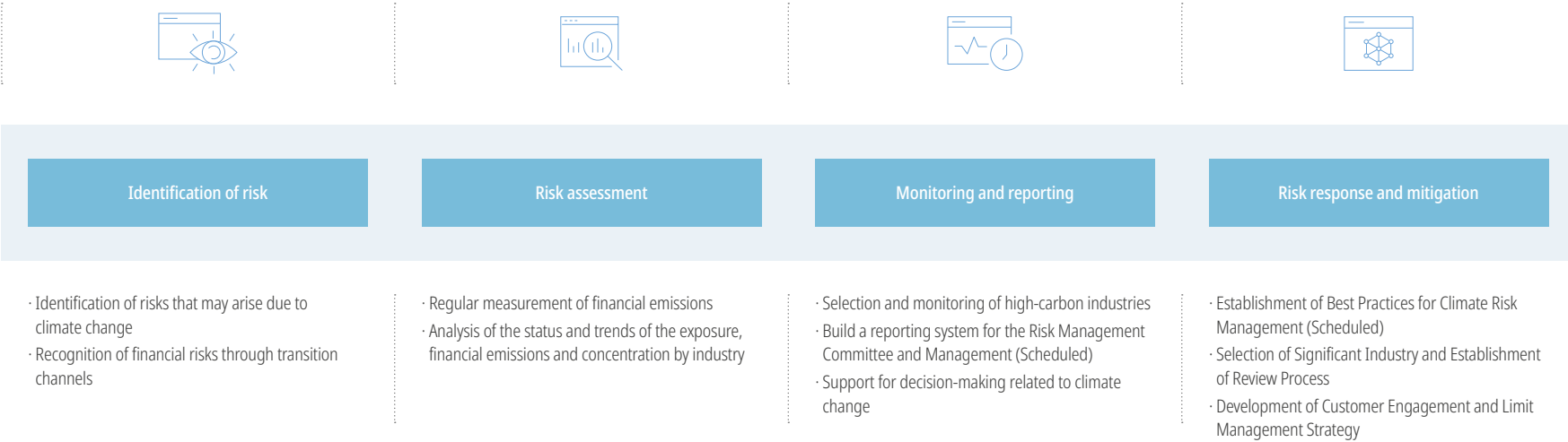
Risk Management

The BNK Financial Group recognizes climate risk as a significant risk factor and is improving our risk management system with the intention of ensuring stability and profitability for our investment sectors against potential risks arising from climate change. We are establishing a foundation for the management system, such as expanding the awareness of climate risk in the business sector and building systems to allow for sophisticated evaluations. Furthermore, we will continue to enhance our risk management capabilities as a core competency by promoting a company-wide culture of climate risk awareness and continuously developing our approach to risk.

Risk Management Framework

The Group's risk management framework consists of a process of identifying, evaluating, monitoring and reporting significant risks related to climate change, as well as responding to and mitigating these risks. In 2023, we are planning to establish Best Practices for climate risk management and use it for credit and limit management in order to link risk management related to climate change with company-wide processes.

Risk Management Framework



Risk Identification

The BNK Financial Group defines climate risk as a risk related to the economic transition to Net Zero (Transition risk) and a risk associated with the physical impacts of climate change (Physical risk). The physical risk includes both chronic and acute risks. Climate risks generate various impacts for financial companies, and they must be recognized in connection with financial risks through economic transition channels. Depending on the characteristics of the physical and transition risk, credit, market, operation, liquidity, reputation risks, etc. can arise from the microscopic and macroscopic perspectives.

Identification of risks from climate change

Physical Risk	Risks that can have economic impact due to climate change	
	Acute factors	· Composed of natural disasters such as heat waves, floods, wildfires, typhoons, extreme rainfall, etc.
Transition Risk	Chronic factors	· Composed of phenomena such as rising sea levels, rising average temperature, ocean acidification, desertification, etc.
	Risks occurring while transitioning to low-carbon economy	
	Climate policy	· Energy policies, pollution regulations, resource conservation policies, greenhouse gas emission suppression measures, etc.
	Technology	· Technological changes to decarbonization such as batteries, EVs, CO ₂ -intensive technologies, etc.
	Investment/Consumption	· Consider changes in investment perception/consumption behavior for climate change

Spreading Channel

Microscopic channel	Corporate	Household
	· Decrease in asset value, collapse of business · Increase in stranded assets, new capital expenditures · Changes in structure of demand and costs	· Decrease in asset value · Decrease in income · Increase in maintenance costs
Macroscopic channel	· Increase in investment, depreciation of capital (Equity → Debt) · Inflation (Price changes due to supply shocks) · Changes in productivity (reinvestment for adaptation, enhancement of hedging) · Friction in the labor market due to physical/transition risks · Implications on international trade, government revenue, financial capacity, interest rates, and exchange rates.	

Financial Risks

Transition risk	Market risk	Operational risk	Liquidity risk
· Damage to value of the assets possessed by customers due to climate change · Changes in client's operations, profitability, and survivability · Possibility of repayment of debts by debtors and drop in evaluated value of collateral	· Drop in evaluated value of investment assets and increased volatility of investments for greenhouse gas emissions industries and companies that contribute to environmental damage	· Interference with the continuity of business due to the negative impact on infrastructure, system, process, and employees · Claims for indemnities due to environment related damages and need to compensate for responsible losses	· Physical damage and costs due to natural disasters · Situation evolves to the need for emergency loans, withdrawal of funds, and worsened liquidity

INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

Climate Finance

Implementation of
TCFD Recommendations
Governance
Strategy
Risk Management
Metrics and Targets

Humancentric Finance

Human Rights Management

ESG MANAGEMENT

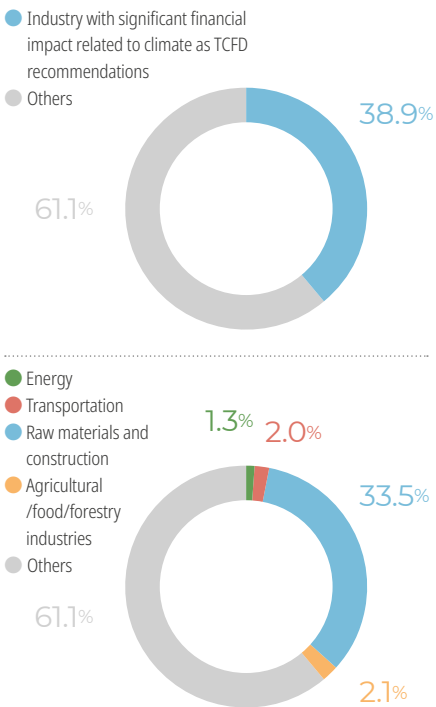
APPENDIX

Risk Assessment

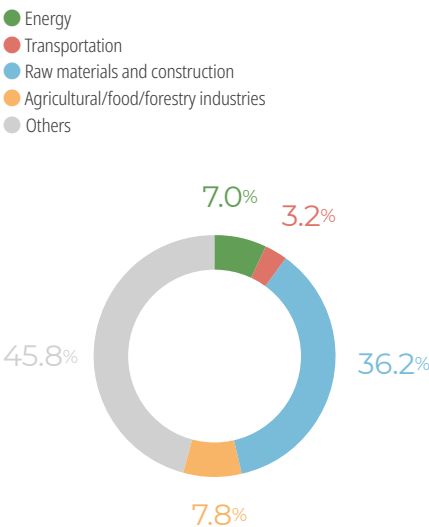
We are in the process of establishing a financial emission measurement system to identify, evaluate, and manage risks. This system aims to provide an accurate measurement and assessment of greenhouse gas emissions on the transactional and portfolio levels of the BNK Financial Group, and it will serve as the foundation for directly assessing and monitoring the transition to a low-carbon society. We have evaluated the exposure and financial emissions of industries with high climate-related financial impact as classified by the TCFD recommendations and have placed restrictions on new investments in coal power businesses. Key indicators such as intensity will be utilized as risk assessment indicators, and we plan to reflect them in the credit screening process and limit management system. Furthermore, we will establish Best Practices for climate risk management and devise a selection and review process for significant industries.

Analysis of Industries with Significant Climate-related Financial Impact ¹⁾

Percentage of Exposure



Percentage of Financial Emission



High-carbon Industries within TCFD industries

Energy	Transportation	Raw materials and construction	Agricultural/food/forestry industries
· Power Utilities	· Airlines	· Metals and Mining	· Food & Beverage
· Thermal Power	· Marine Transportation	· Steel	· Agriculture
· Electric power transmission	· Railway	· Building Materials	· Food Processing
· Coal	· Vehicles	· Chemicals	· Forestry
· Oil&Gas		· Capital Goods	
		· Real Estate Management and Development	

(Unit : Trillion KRW, ten thousand tCO₂eq, tCO₂eq/billion KRW)

Industry	Exposure		Financial Emission		Intensity
	Measured assets	Asset weight	Emission	Emissions weight	
Real Estate Management and Development	13.3	22.2%	365	15.1%	27.3
Metals and Mining	3.8	6.4%	259	10.7%	67.4
Food Processing	0.8	1.3%	144	6.0%	182.3
Steel	1.1	1.9%	104	4.3%	93.3
Electric power transmission	0.3	0.5%	76	3.2%	267.8
Chemicals	0.6	1.0%	67	2.8%	108.9
Coal ²⁾	0.1	0.2%	48	2.0%	356.7

1) Subject to analysis: Corporate Loans/Bonds/Stocks and Project Finance

2) The sum of thermal power and coal among power utilities

Risk Response and Mitigation

By understanding the impact of climate risk on customers and business, the mitigation of risk can be efficiently incorporated. In accordance with this, the BNK Financial Group has established countermeasures to manage and mitigate the identified risks in relation to climate change, and will establish and implement detailed plans.

Risk Mitigation Strategies

● Short-term ● Mid-term ● Long-term

Risk	Response of the BNK Financial Group		Time frame
Transition risk	Policy/Legal	· Monitoring of climate-related policy and risk management regulations, Continuous review of related policies and procedures	· Establishment of robust governance through ESG Committee, Risk Management Committee, etc.
	Technology	· Expansion of product development and investment related to green technology	· Monitoring of green technology
	Market	· Monitoring of consumer behavior and market changes	· Setting up a system to analyze the impact of financial risks
	Reputation	· Disclosure of information through Sustainability Reports, TCFD Reports, CDP, etc. · Clarification of climate strategy and strengthening of communication with stakeholders	· Activation and strengthening responding capabilities of customer engagement
Physical risk	Acute Risk		
	Chronic Risk	· Developing climate change response strategy based on the physical risk scenario analysis of the existing portfolio	· Identification of climate-vulnerable facilities among the buildings and branches owned by the BNK Financial Group and efforts to prevent damage

INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

Climate Finance

Implementation of TCFD Recommendations

Governance

Strategy

Risk Management

Metrics and Targets

Humancentric Finance

Human Rights Management

ESG MANAGEMENT

APPENDIX

Metrics & Targets

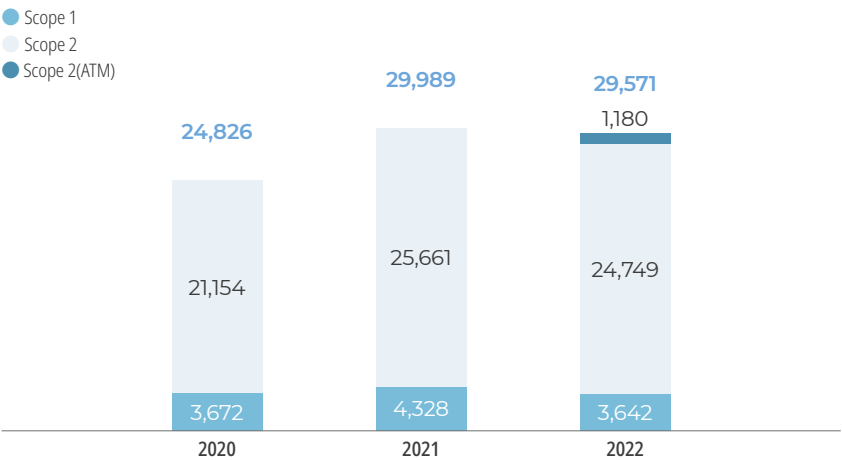
The BNK Financial Group has calculated emissions by applying a more stringent and sophisticated measurement methodology in accordance with global standards to achieve Net Zero goals. Additionally, we are in the process of establishing an environment management system to enable continuous management and monitoring. The measurement results and achievement of targets will be transparently disclosed, contributing to the achievement of Net Zero goals for the entire society.

Status of Internal Carbon Emissions and Reduction Targets

The BNK Financial Group is establishing an Environment Management System to measure the amount of greenhouse gas emissions (Scope 1&2) that are produced through direct energy consumption. To comply with national and global emission reporting standards, the Environment Management System is currently undergoing advancements to upgrade all emission facilities of all subsidiaries' buildings and branches under the Group's operational control, to calculate emissions and to enable continuous management and monitoring. Moving forward, we will continue to manage our greenhouse gas emissions by checking the achievement rate against the target through our system, and we will strive to achieve our Net Zero goals by improving measures through reduction responses.

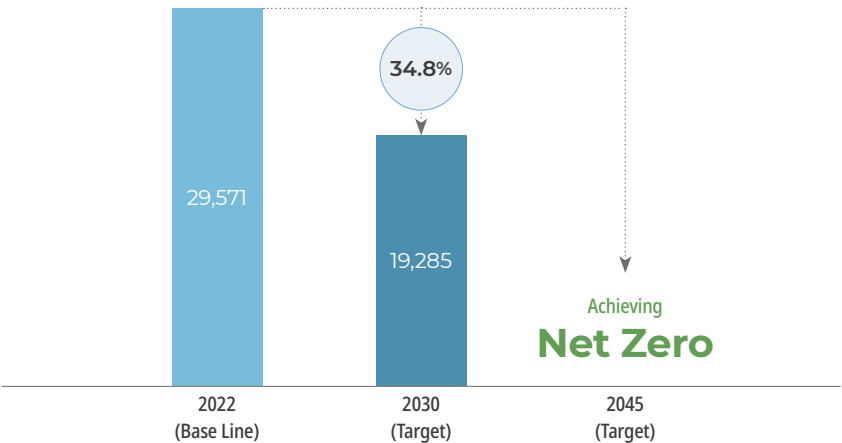
Therefore, the BNK Financial Group has set its internal reduction target by applying the ACA (Absolute Contraction Approach) of the SBTi. In accordance with the reduction pathway of the ACA, the group plans to achieve Net Zero by 2045 by reducing 34.8% of 2022 emissions until 2030. In 2022, emissions from devices such as ATM machines were additionally incorporated during the process of enhancing the environmental management system through a comprehensive survey of all business sites, and the accuracy of data was improved through improving actual measurements, etc. The BNK Financial Group is promoting green activities such as the expansion of green cars and the use of renewable energy in order to achieve Net Zero.

Internal Carbon Emissions (Unit :tCO₂eq)



※ In 2022, the Group (Busan Bank, Kyongnam Bank) conducted a comprehensive survey of the ATM machines it operates and reflect the greenhouse gas emissions accordingly.

Internal Emissions Target (Unit :tCO₂eq)



INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

Climate Finance

- Implementation of TCFD Recommendations
- Governance
- Strategy
- Risk Management
- Metrics and Targets

Humancentric Finance

- Human Rights Management

ESG MANAGEMENT

APPENDIX

Status of Asset Portfolio Carbon Emissions (Financial Emissions) based on PCAF and Reduction Targets

The BNK Financial Group acknowledges the importance of financial emissions (Scope 3) which are emitted through investments and loans, in addition to the greenhouse gases (Scope 1&2) generated through direct emissions or energy consumption. Accordingly, the Group has joined PCAF in March 2022, and has calculated the financial emissions (Scope 3) since last year in accordance with global standards. For more accurate measurement and management, we are in the process of establishing a financial emission measurement system, which is expected to be launched in the second half of 2023. The financial emissions are classified and measured according to the seven asset groups defined by PCAF: listed stocks and corporate bonds, unlisted stocks and corporate loans, Project Finance (PF), industrial real estate, mortgage loans, automobile loan, and government bonds (methodology added in December 2022). The data used for measurement was applied with the average emission coefficient for each business category provided by PCAF for the areas where data was insufficient, along with the publicly disclosed emission information of the company. Also, the company's financial emissions are not only encompassing Scope 1&2 but also Scope 3, preliminary preparing for the entire industry's disclosure of Scope 3 scheduled in 2025.

Disclosure schedule for Scope 3 by each business category

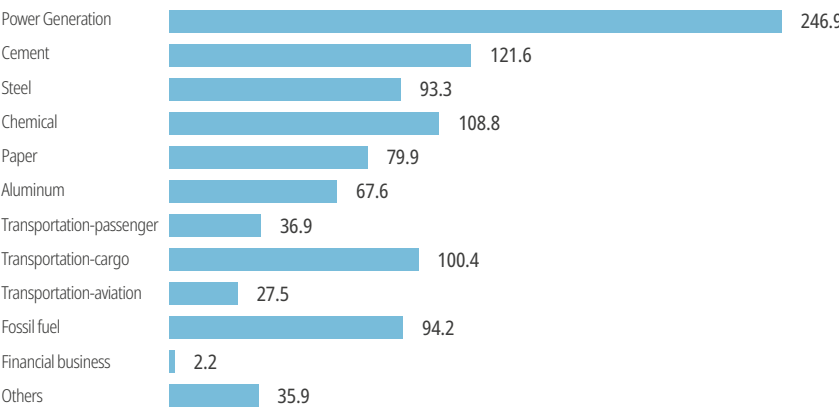
Disclosure schedule	Applicable business category (based on NACE ¹⁾)
2021 ~	<div>- Essential business category : Energy(Oil&Gas), Mining business (i.e., NACE L2: 05-09,19,20)</div> <div>- NACE L2 05-09 : All mining business (Coal, Crude oil, Gas, Metal, Non-metal, etc.)</div> <div>- NACE L2 19 : Manufacturing business for coke and petroleum refined products</div> <div>- NACE L2 20 : Manufacturing business for chemicals and chemical products</div>
2023 ~	<div>- Essential business category : Transportation, Engineering and Construction, Buildings, Materials, Industrial activities (i.e., NACE L2: 10-18,21-33,41-43,49-53,81)</div> <div>- NACE L2 1-18, 21-33 : All manufacturing business excluding manufacturing businesses for coke and petroleum refined products and chemicals and chemical products</div> <div>- NACE L2 41-43 : All construction and engineering business (general E&C, E&C for each specialized jobs, etc.)</div> <div>- NACE L2 49-53 : Transportation and warehousing business</div> <div>- NACE L2 81 : Service business relating to buildings and landscaping</div>
2025 ~	<div>- Essential business category : All</div>

1) NACE : the European Standard Industry Code system, which is consistent with ISIC REV.4 system of the United Nations

Status of financial emissions(Scope 3) (Unit : KRW 1 trillion, 10,000 tCO₂eq, tCO₂eq/KRW 100 million)

Asset group	2021 ²⁾			2022		
	Measured assets	Financial emissions	Intensity ³⁾	Measured assets	Financial emissions	Intensity
Listed stocks and corporate bonds	5.3	135	25.7	5.7	131	23.2
Corporate loans and unlisted stocks	48.9	1,986	40.7	53.8	2,228	41.4
Project Financing	0.5	50	92.4	0.6	60	107.7
Industrial real estate	4.6	4	0.9	5.5	4	0.8
Mortgage	8.1	5	0.6	9.3	5	0.6
Automobile loan	1.0	8	8.0	0.9	6	7.1
Subtotal (excluding government bonds)	68.4	2,188	32.0	75.8	2,434	32.1
Government bonds	3.7	126	33.6	4.1	140	33.6
Total (including government bonds)	72.1	2,314	32.1	79.9	2,574	32.2

Intensity for each business category ⁴⁾ (Unit : tCO₂eq/KRW 100 million)



2) Financial emissions for the previous year have been partially adjusted and measured due to the elaboration in the classification and measurement methods of asset group and application of PCAF emission coefficient

3) Intensity : Emission volume per unit investment in KRW 100 million

4) Classified into industry for SBTi goal setting, subject to loans and stocks/bonds

INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

Climate Finance

Implementation of
TCFD Recommendations
Governance
Strategy
Risk Management
Metrics and Targets

Humancentric Finance

Human Rights Management

ESG MANAGEMENT

APPENDIX

Methods Used for Measuring Asset Portfolio Carbon Emissions (Financial Emissions) based on PCAF

PCAF classifies emissions into seven asset groups (methodology of government bonds was added in 2022) according to the use of funds or companies invested by the financial institution. It presents a standard proposal to measure financial emissions that reflect the degree of the financial institution's contribution to carbon emissions generated from each source of carbon emissions.



- INTRODUCTION
- ESG STRATEGY & PROGRESS
 - FOCUS AREA
 - Climate Finance
 - Implementation of TCFD Recommendations
 - Governance
 - Strategy
 - Risk Management
 - Metrics and Targets
 - Humancentric Finance
 - Human Rights Management
 - ESG MANAGEMENT
 - APPENDIX

Financial Emissions Reduction Targets

As a financial institution, we have recognized our important role in responsible investments and have established the group's financial emissions reduction targets to achieve societal goal of carbon neutrality.

The BNK Financial Group intends to reduce the emissions by 26.0% and 55.2% by 2030 and 2040, respectively, compared to 2022, aiming to achieve Net Zero by 2050, based on the 1.5°C scenario according to the methodology of SBTi (Science-Based Target initiative).

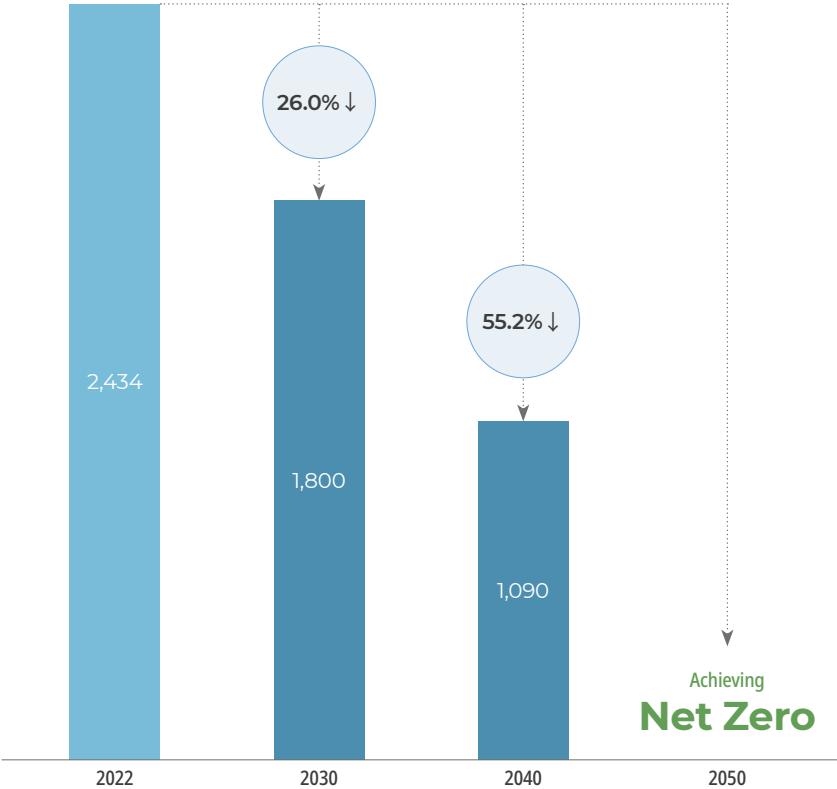
This is a higher level than the reduction rate of 19.9% 1) by 2030 when the Nationally Determined Contribution (NDC) is applied to the portfolio of the BNK Financial Group. Additionally, the performance of the reduction targets will be managed and monitored through the financial emission measurement system that is currently being established.

1) When reflecting the reduction targets for each sector of NDC, the reduction rate for 2030 compared to 2022 would decrease to 19.9%

The “industrial” sector portfolio with a low NDC reduction rate has a high impact

NDC reduction rate (compared to 2018) : Transition → 45.9% / Industrial → 11.4% / Buildings → 32.8% / Transportation → 37.8% / Agricultural, livestock, and fisheries → 27.1% / Waste → 46.8%

Group Financial Emissions (Scope 3) Reduction Targets 2) (Unit : 10,000 tCO₂eq)



2) Absolute reduction goals are set by reflecting the reduction rate of SDA and TRA Methods according to the methodology of SBTi(Science-Based Target initiative)

Subject of reduction targets : Excluding government bonds from the measurement target of PCAF

Method of Setting Reduction Targets

The BNK Financial Group joined SBTi (Science-Based Targets initiative) in March 2022, and upon refining the measurement methods of financial emissions and expanding the measurement targets, the financial emission reduction targets have been reset according to the methodology of SBTi. The SBTi methodology applies the Sector Decarbonization Approach (SDA) and Temperature Ratings Approach (TRA) by asset groups and sectors.

The Sector Decarbonization Approach (SDA) is a method by which reduction goals are set by sector, reflecting the differing trajectories and speeds at which each sector attains carbon neutrality. This approach allows for the management and setting of reduction targets by sector through intensity targets per unit of activity (e.g., production volume, power generation, floor area, and so on). However, this approach cannot yet be implemented across all sectors, and it requires numerous data.

The Temperature Ratings Approach (TRA) is a method by which the Net Zero goals of the company that financial institutions invested are converted into temperature scores in accordance with temperature targets. This approach can be challenging in respect of intuitively managing reduction targets.

By applying the 1.5°C scenario, the BNK Financial Group has applied the Sector Decarbonization Approach (SDA) for cement and power generation sectors of commercial real estate, power generation Project Finance (PF) and corporate loans/ bonds/stocks. The Group has applied the Temperature Ratings Approach (TRA) for other sectors and asset portfolios. Reduction targets for PF other than power generation and automobile loans, which are asset groups for which the SBTi methodology has not been provided among subjects of reduction target setting. It has been set in accordance with the Absolute Contraction Approach (ACA) in consistent with the method of measuring internal emissions.

Targets and Methods of Setting Reduction Goals by Business Type (Unit : KRW 1 trillion, 10,000tCO₂eq.)

Asset group and sector		Targeted assets	Financial emissions	Methods of setting goals
Individual loans	Mortgage	9.3	5	SDA ¹⁾
	Automobile loans	0.9	6	ACA ²⁾
Project Finance (PF)	Power generation PF	0.1	47	SDA
	PF other than power generation (SOC, etc.)	0.4	13	ACA
	Commercial real estate	5.5	4	SDA
	Power generation	0.4	93	
	Cement	0.3	38	
	Steel	1.1	104	
	Chemical	0.6	64	TRA ³⁾
	Paper	0.3	19	
	Aluminum	3.8	257	
	Transportation-passenger	0.6	22	
Corporate loans /Bonds/ Stocks	Transportation-cargo	0.5	53	
	Transportation-aviation	0.1	1	
	Fossil fuel(Oil&Gas)	0.3	30	
	Financial business	5.2	12	
	Other business	46.4	1,666	
Total		75.8	2,434	

1) SDA : Applied based on the 1.5 °C scenario to mortgage, commercial real estate, power generation and cement sectors for which methodology and tool have been provided

2) ACA : Established based on the absolute linear reduction approach to achieve Net Zero by 2050, as the method of setting reduction targets for PF other than power generation and automobile loans has not been provided by SBTi

3) TRA : Established based on the reduction targets and pathway to achieve a temperature level of 1.5 °C by 2040

INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

Climate Finance

Implementation of
TCFD Recommendations

Governance

Strategy

Risk Management

Metrics and Targets

Humancentric Finance

Human Rights Management

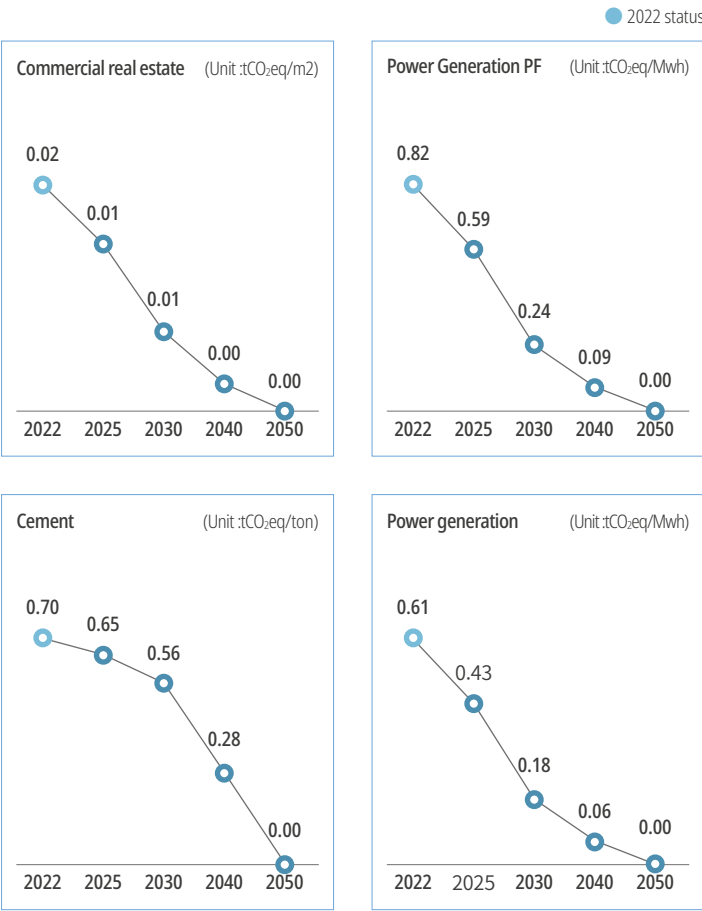
ESG MANAGEMENT

APPENDIX

Reduction Targets and Pathway by Asset Group and Portfolio

We have established the reduction targets using the Sector Decarbonization Approach (SDA) and the Temperature Ratings Approach (TRA) of SBTi, and we will continue to monitor our achievement progress according to the reduction pathway.

Intensity reduction targets by asset group and sector (SDA) ¹⁾



Temperature reduction targets by portfolio (TRA)



1) Reduction targets using the SDA approach of SBTi Tool can set up to 2035, and subsequent reduction targets will apply the annual intensity linear reduction.

Focus Area 2.

Humancentric Finance

→ | Human Rights Management 39

- INTRODUCTION
- ESG STRATEGY & PROGRESS
- FOCUS AREA
- Climate Finance
 - Implementation of TCFD Recommendations
 - Governance
 - Strategy
 - Risk Management
 - Metrics and Targets
- Humancentric Finance
 - Human Rights Management
- ESG MANAGEMENT
- APPENDIX



INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

Climate Finance

Implementation of TCFD Recommendations

Governance

Strategy

Risk Management

Metrics and Targets

Humancentric Finance

Human Rights Management

ESG MANAGEMENT

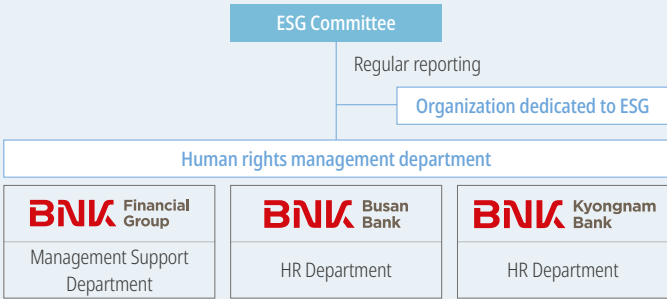
APPENDIX

Human Rights Management

Human Rights Management

The BNK Financial Group has established overall human rights management policies and directions. We also managed and supervised agendas related to human rights and diversity through the ESG Committee under the Board of Directors. The organization dedicated to ESG supports the ESG Committee in carrying out tasks efficiently, and plans to regularly report to the ESG Committee on various matters such as the human rights management roadmap, implementation and results of the human rights impact assessment, and the implementation status for improvement tasks. In addition, the human rights and diversity management departments of each subsidiary are promoting human rights management based on the status of each company. The management department establishes a roadmap, including goals by stage, systematic implementation of human rights management, and collaborates with relevant departments on human rights issues to ensure practical human rights and diversity protection.

Composition of human rights management governance



Mid- to Long-term Human Rights and Diversity Targets

The BNK Financial Group has regularized mid- to long-term human rights management roadmap to establish the human rights management system and developed the level of human rights management. In addition, we have set human rights and diversity targets and we plan to continuously manage the annual implementation status through the ESG Committee under the Board of Directors for the outcomes of human rights and diversity.

Human Rights Management Roadmap

2023	2025	2027
Establishment of human rights management system	Advancement of human rights management system	Settlement of human rights management system
<ul style="list-style-type: none">Establishment of human rights management governanceEnactment of policies on human rights and diversityExecuting investigation on human rights condition · human rights impact assessmentManagement scope: Holding company, Busan Bank, Kyongnam Bank	<ul style="list-style-type: none">Expanding risk management scope such as human rights impact assessment, etc.Enhancement of employees' understanding on issues regarding human rights and diversityManagement scope: Major subsidiaries	<ul style="list-style-type: none">Regularization and stabilization of the Group's overall risk management and employee grievance processSettlement of a system for recruitment and internal talent development considering diversityManagement scope: Major subsidiaries

Human Rights Targets¹⁾

Classification	2022 (current status)	2023	2024	2025
Human rights				
Expanding scope for human rights impact assessment	3 companies	5 companies	7 companies	10 companies
Improvement rate of employee grievance	51.0%	60.0%	75.0%	90.0%

Diversity Targets¹⁾

Classification	2022 (current status)	2023	2025	2027
Diversity				
Increase in the proportion of new hires from vulnerable groups ²⁾	3.5%	5.5%	7.5%	10.0%
Increase in the proportion of female leadership ³⁾	11.0%	12.0%	16.0%	20.0%
Increase in the proportion women in key positions ⁴⁾	21.6%	22.0%	26.0%	30.0%

1) Targets for the scope of Human Rights Impact Assessment is based on the Group, while targets for the improvement rate of employee grievance and diversity targets are based on Busan Bank.

2) The disabled, war veterans, foreigners, beneficiaries of national basic livelihood, etc.

3) Female branch managers, deputy general managers, corporate (PB) branch managers

4) Female managers and bankers in charge of credit and foreign exchange

INTRODUCTION
ESG STRATEGY & PROGRESS
FOCUS AREA
Climate Finance
Implementation of
TCFD Recommendations
Governance
Strategy
Risk Management
Metrics and Targets
Humancentric Finance
Human Rights Management
ESG MANAGEMENT
APPENDIX

Humancentric Finance

Human Rights Management

Human Rights Policies

The BNK Financial Group established 2023 human rights policies to identify potential human rights issues and prevent human rights violations in all of its business activities. The BNK Financial Group protects the rights of various stakeholders such as employees, customers, shareholders and investors, partner companies and community by applying the policies comprehensively in its ethical management. To implement this, the BNK Financial Group advocates the basic principles for protecting and respecting human rights as set forth in the international standards and guidelines on human rights and labor such as the ‘Universal Declaration of Human Rights’, ‘UN Guiding Principles on Business and Human Rights’, ‘ILO’s Declaration on the Fundamental Principles and Rights at Work’ and 10 principles of the UNGP. Furthermore, it thoroughly observes labor-related laws required by countries and regions of business operations, as well as domestic and foreign labor laws.

Application scope

The human rights policies of the BNK Financial Group are applied to all employees across the entire group, including subsidiaries and sub-subsidiaries. Furthermore, the BNK Financial Group recommends all stakeholders, including customers and partner companies, to adhere to the policy at the same level.

Fundamental principles

Employees	
Prohibition of discrimination	· Regarding personnel management such as recruitment, employment, maintenance of employment status and promotions, we shall not discriminate unfairly on grounds such as gender, race, religion, disability, political inclination, educational background, or hometown, and we shall respect diversity.
Prohibition of forced labor and child labor	· We strictly prohibit any forced labor that violates the free will of our employees and strictly prohibit child labor.
Guarantee of freedom of association and the right to collective bargaining	· We respect the labor law regulations of the business jurisdiction, and strive to communicate with our employees. · We respect the right to join the Union and encourage collaboration between the labor and management.
Guarantee of fair compensation and development opportunities	· We perform evaluations and compensation based on fair standards in accordance with each employee's performance and support self-improvement for enhanced job performance. · We pay overtime compensation in accordance with the standards set by labor law regulations in the business jurisdiction. Moreover, wages exceeding the minimum threshold will be paid in accordance with the respective regulations.
Guarantee of health and safety	· We adhere to workplace health and safety regulations, carrying out regular inspections of the business facility and equipment to identify and manage potential physical or psychological risks. We develop supporting methods to prevent and manage these risks for the well-being of all employees. · We foster a conducive work environment that ensures the health and safety of our employees.

Customers	
· We prohibit the provision of discriminatory financial services based on the customer's gender, race, religion, disability, age, political inclination, educational background, or hometown. · We collect the minimum information necessary for the provision of financial services and manage personal information securely. · We enhance financial accessibility of financially vulnerable groups including the disabled and the elderly, and protect their human rights.	
Shareholders and investors	
· We provide management information necessary for shareholders and investors completely in a timely manner in accordance with relevant regulations. · We ensure managerial transparency through the disclosure of accounting data with accuracy and reliability.	
Partner companies	
· We practice fair and transparent transactions to build mutual trust with our partner companies. · We strive for mutual growth based on equal partnership with our partner companies. · We do not make improper demands for money, gifts or entertainment from our partner companies. · We support our partner companies in adopting and implementing human rights management.	
Community	
· We pursue our management activities with respect to the human rights of community members. · We contribute to creating a safe financial environment within the community by implementing measures to prevent illegal money laundering, enforcing real-name financial transaction system, and blocking terror support. · As a responsible member of the community, we actively participate in social contribution activities for the local community. · We consider environmental and social impacts on the community when making decisions about large-scale loans and investments.	

INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

Climate Finance

Implementation of

TCFD Recommendations

Governance

Strategy

Risk Management

Metrics and Targets

Humancentric Finance

Human Rights Management

ESG MANAGEMENT

APPENDIX

Human Rights Management

Human Rights Risk Management

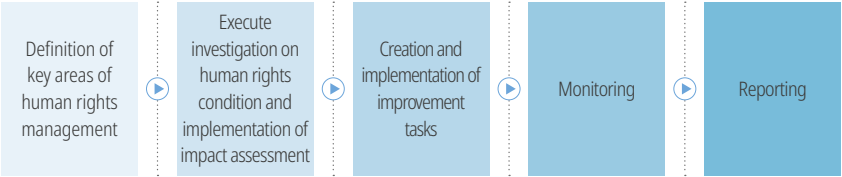
Human Rights Risk Management Process

The BNK Financial Group minimizes the impact of actual and potential human rights issues on management activities by building human rights risk management process. Firstly, we define possible main human rights issues as key areas, and identify the main stakeholders for each area.

We execute investigation on human rights condition for each area to understand internal management status. We are currently examining a checklist of implementation status (complete execution, partial execution, non-execution) for 54 items across 9 areas including governance, non-discrimination in employment and wage negotiation, and healthy labor relations. Furthermore, we are conducting a separate investigation to protect the rights of counselors in customer service department, a stakeholder who is vulnerable to human rights risks. We have operated the checklist with 5 areas and 18 items for Busan Bank and Kyongnam Bank to understand the current status of counselors' human rights.

In addition, human rights impact assessments are conducted on a regular basis every year to evaluate the company's human rights situation experienced by employees from various angles. Subsequently, we aim to develop appropriate improvement tasks for the identified vulnerable areas and evaluate the degree of improvement after implementation, and we intend to transparently disclose the improvement processes to stakeholders through sustainability reports. We plan to incrementally widen the scope of targeted subsidiaries in the future to proactively prevent human rights risks.

Human Rights Risk Management Process



Key Areas of Human Rights Management

Protection of employees' human rights

- Ensuring non-discrimination and diversity
- Fair hiring and compensation
- Handling employee grievances

Employees

Protection of customers' human rights

- Protection of personal information of customers
- Prevention of incomplete sales and financial incidents of customers
- Strengthening customer accessibility

Customers

Creation of fair trade culture

- Respecting the human rights of partners
- Protection of human rights of counselors
- Pursuing win-win with partner companies

Partner companies

Protection of local vulnerable groups

- Protection of human rights of local residents
- Financial support for vulnerable groups and realization of inclusive finance
- Pursuing win-win management with the local community

Community

INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

Climate Finance

Implementation of

TCFD Recommendations

Governance

Strategy

Risk Management

Metrics and Targets

Humancentric Finance

Human Rights Management

ESG MANAGEMENT

APPENDIX

Human Rights Management

Human Rights Impact Assessment

The BNK Financial Group is conducting a human rights impact assessment to inspect and improve the current status of human rights. The human rights impact assessment is for the employees of the BNK Group, Busan Bank and Kyongnam Bank. Through this assessment, vulnerable areas have been identified by comparing and analyzing the current status by gender, workplace, employment type and length of service. The human rights impact assessment is comprised of 36 items addressing individual human rights issues such as industrial safety and health, prohibition of child labor and forced labor, and the overall management system including the human rights management system and grievance handling channels. Furthermore, we aimed to reflect the diverse opinions of our employees by including short-answer questions regarding areas and tasks with a high likelihood of human rights risk occurrences. As a result of analysis, we identified four areas vulnerable to human rights risks and established plans to improve these areas.

Human Rights Impact Assessment respondents		
Gender	· Male	· Female
Workplace	· Head office · Branches	· Others
Employment Type	· Full-time · Indefinite contract worker	· Contract worker · Dispatched labor
Length of Service	· Less than 1 year · 1 to 5 years	· More than 5 years

Improvement plan for human rights vulnerabilities

Vulnerable areas	Improvement task and implementation plan	
Human rights management system	Internalization of human rights management <ul style="list-style-type: none">· Discussion on human rights issue at the level of the management or the Board of Directors and establishment of reporting system· Reflection of human rights management system including human rights policies and implementation, and relief process in human rights education contents for employees	Ensuring participation and communication in human rights management <ul style="list-style-type: none">· Disclosure of the Group's human rights policies and declaration of commitment for promoting human rights management through official website of all subsidiaries and CEO message· Revitalization of communication on human rights policies using various channels including ESG report, press release, in-house broadcasting, newsletter, meetings with stakeholders, etc.
Non-discrimination for employment and wages	Developing diversity and anti-discrimination plans <ul style="list-style-type: none">· Setting and disclosure of diversity enhancement targets by 2027· Enactment and disclosure of diversity policies· Joining Women's Empowerment Principles (WEPs)· Operation programs that improve capabilities of female employees	Establishment of fairness monitoring system for employment and wage <ul style="list-style-type: none">· Execution of recruitment guidelines training for hiring managers· Monitoring and disclosure of wage ratios based on potential discriminatory factors· Provision of individual feedback related to promotion evaluation and evaluation per unit organization, and operation of regular coaching system
Grievance handling channels and mechanism	Announcement and implementation of grievance handling procedure <ul style="list-style-type: none">· Publishing grievance handling procedures and reporting methods through various communication channels such as the company's intranet· Clear statement on principle of remedial procedures (e.g. justification, accessibility and fairness, predictability, transparency, suitability of rights protection and continuous monitoring) and confidentiality principles	Improvement and advancement of grievance handling procedure <ul style="list-style-type: none">· Ensuring accessibility through regularizing grievances handling tours, operation of in-house intranet report hotlines, etc. and, if necessary, redefining processes for immediate reporting· Improvements of anonymity protection measures through adoption of a protection program and encryption of reported information
Emotional labor for customers	Establishment of protection system for emotional workers <ul style="list-style-type: none">· Preparation of protection systems such as temporary suspension of duties, change of workplace, or command for paid upon request for grievance due to customers' verbal abuse, physical assault, sexual harassment, or excessive demands· Establishment and operation of the grievance handling committee	Preparation and education of response guidelines <ul style="list-style-type: none">· (Branches) Conducting trainings related to customer service manual and prevention of health and injury· (Customer service department) Expansion of mental health support program

- INTRODUCTION
- ESG STRATEGY & PROGRESS
 - FOCUS AREA
 - Climate Finance
 - Implementation of TCFD Recommendations
 - Governance
 - Strategy
 - Risk Management
 - Metrics and Targets
 - Humancentric Finance
 - Human Rights Management
 - ESG MANAGEMENT
 - APPENDIX

Human Rights Management

Human Rights Grievance Handling

The BNK Financial Group operates a whistleblower system that can be used by various stakeholders at all times regarding human rights abuse and unethical behavior that can arise from corporate activities. Individuals who have witnessed cases of non-compliance or violation for the human rights management policies, or those who have directly suffered from human rights infringements can report through various channels such as interview, call, email, etc. Reporters are guaranteed identity protection and anonymity under the 'whistleblower program operations guideline', and retaliation that results in harm due to reporting are prohibited. The BNK Financial Group aims to prevent the spread of human rights violations by addressing grievances and victim relief at an early stage. Through the analysis of operational status, we intend to identify and improve any issues with human rights policies and procedures.

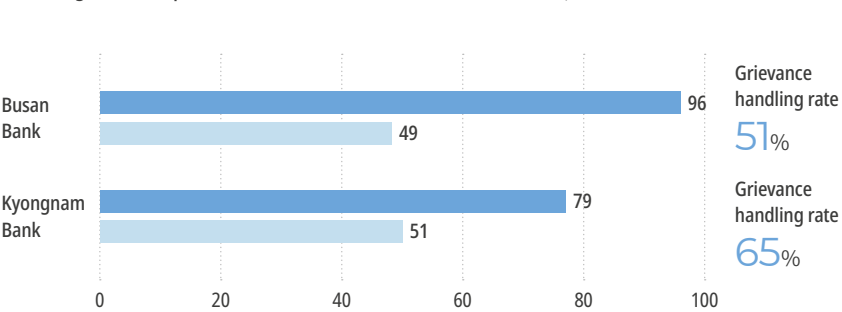
Busan Bank operates the mobile channel 'BNK Busan Bank Dudeurim' to handle employee greivances without any time or spatial constraints. In terms of workplace sexual harassment, an anonymous reporting channel, the Help-Line, is in service. Workplace bullying can be reported through the HR department, labor unions, etc. In accordance with the guidelines for prevention and handling of workplace harassment, the bank informs the concerned parties including the person in charge to maintain confidentiality, thus ensuring the anonymity of the whistleblower after the completion of the investigation. The head of HR department immediately notifies the results to the concerned parties.

Kyongnam Bank receives and handles grievances through two channels; the HR system (ONE-HR) and the labor union (via phone). In addition, the bank allocates time to directly listen to the voices on the ground through business branch visits. To ensure comfortable counseling and swift and smooth handling, the bank operates dedicated teams. We operate separate channels for grievances requiring real-name reporting and grievances allowing anonymous reporting. For anonymous reports, the bank provides the progress, duration, and results through the respective channel. Furthermore, the Compliance Monitoring Department has established workplace bullying prevention policies and established and operated relevant whistleblower system and channel.

Grievance Handling Process



Status of grievance reported and actions taken in 2022



INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

Climate Finance

Implementation of

TCFD Recommendations

Governance

Strategy

Risk Management

Metrics and Targets

Humancentric Finance

Human Rights Management

ESG MANAGEMENT

APPENDIX

Humancentric Finance

Human Rights Management

Major Human Rights Management Programs

Human Rights Education

The BNK Financial Group conducts human rights education for all employees and at least once a year to raise their awareness on human rights and prevent human rights issues including workplace sexual harassment and bullying. In terms of workplace sexual harassment, we educate employees on preventive measures, related regulations, grievance counseling and relief procedures. In particular, the Group is conducting online training course on workplace sexual harassment. In case of workplace bullying, we conduct annual training as stipulated in the ‘Guidelines for Prevention and Handling of Workplace Bullying’. In 2022, we conducted online training course to guide real-life examples, handling procedures and response measures.

In addition, we are conducting a human rights education for each subsidiary. Busan Bank has established a ‘sexual prevention and grievance handling team’ that carries out self-training related to workplace sexual harassment for underperforming branches. Kyongnam Bank operates an annual ‘Sexual Harassment Prevention Self-Check Day’ to diagnose the level of human rights within the bank. The BNK System takes the initiative to prevent sexual harassment by spreading public indecency (sexual harassment) prevention guidelines and actively sharing the Ministry of Employment and Labor’s sexual harassment response manual to all employees.

Prevention of Emotional Labor and Protection of the Right to Health

The BNK Financial Group strives to prevent stress and health hazards due to emotional labor of counselors in customer service department. We have drafted and distributed the response manual for different types of malicious customers. We are making the Occupational Safety and Health Act disclaimer mandatory to be provided when connecting to the counselors. In addition, sexual harassment prevention education, a variety of other mental health supporting programs and work stress relief programs are provided. Various plans were put in place to prevent the spread of COVID-19 at the call center such as spacing out the counselors, holding of contactless meetings, separated working hours, family care leave, etc. Busan Bank conducts quarterly training sessions on handling malicious customers for the prevention of emotional labor. In the event of a customer complaint, the bank ensures work suspension and rest time for counselors, and resolve the complaint through the support from the counseling support team and complaint handling manager. For the mental and physical well-being of our counselors, we are supporting counseling program called ‘Healing Mind’. Every three years, we conduct a survey on harmful factors affecting the musculoskeletal system and provide support for additional ENT tests. Kyongnam Bank operates a process where, in the event of customer verbal abuse, sexual harassment, or other incidents, the case is transferred to the complaint handling department according to the manual, and legal action may be considered if the case recurs.

Improvement of Working Condition

The BNK Financial Group strives to improve the working condition and working environment of counselors at the customer service department. Busan Bank has specified in the business consignment contract the vacation and working hours of the counselor, as well as the guaranteed break time (2 hours) for night shift workers. The bank is inspecting the compliance with the contract above and appropriate workloads through the counselor’s daily work log. Additionally, a decision was made to hire all counselors as full-time employees, and the revision to contract fee structure and salary increase were determined for the better treatment of counselors in 2023. Furthermore, We support the improvement of the counselor’s skills through on-the-job training at least twice a month and QA (Counseling Quality) training at least three times a month.

Kyongnam Bank has a break area and sleeping rooms within the customer service center, and is executing projects every year for the improved working environment, such as deployment of air purifiers. In addition, the ‘Work-Learning Dual System’ scheme, led by the Ministry of Employment and Labor and the Korea Occupational Safety and Health Agency, has been operated to offer systematic education and training opportunities.

- INTRODUCTION
- ESG STRATEGY & PROGRESS
 - FOCUS AREA
 - Climate Finance
 - Implementation of TCFD Recommendations
 - Governance
 - Strategy
 - Risk Management
 - Metrics and Targets
 - Humancentric Finance
 - Human Rights Management
 - ESG MANAGEMENT
 - APPENDIX

Human Rights Management

Diversity Policies

The BNK Financial Group newly established principles of diversity in 2023 to create healthy corporate culture that ensures diversity, inclusion, and fairness. We acknowledge that supporting the growth of diverse talents is a factor that increases corporate value, and prohibit discrimination based on personal characteristics such as gender, race, age and disability. We also strive to ensure same working environment and same wages for the same job, and to provide fair compensation based on performance.

Fundamental Principles
<p>Principles of Diversity and Inclusion</p> <ul style="list-style-type: none">· The BNK Financial Group acknowledges that embracing diverse talents is a factor that improves corporate value, and provides fair opportunities without discrimination to minority groups in the process of human resource management including recruitment, employment, maintenance of employment status and promotions.· The BNK Financial Group equally treats all employees and stakeholders regardless of gender, gender identity and sexual orientation, and adheres to a zero tolerance principle against perpetrators of sexual harassment and sexual violence.· We operate a system that prevents unfair treatment and disadvantages due to family relationships such as marital status and presence of children, as well as pregnancy, childbirth, and parenting. At the same time, this system shall allow both men and women to pursue the balance between work and family.· Without any rational reasons, we do not discriminate employees based on ethnic group, race, nationality, cultural background, religion and values. We encourage the communication and expression of opinions from minority groups such as foreigners, immigrants, expatriates, multicultural families, and North Korean defectors, as long as it does not infringe on the rights of others.· Employees shall communicate with each other in a respectful and open manner, regardless of age. No one imposes unnecessary hierarchical orders based on age or interferes unnecessarily with work.· Without any rational reasons, we do not discriminate employees based on disabilities or diseases, and strive to create a working environment where employees with disabilities or disease can work conveniently without any discomfort.· We provide preferential treatment to veterans including men of national merit and independence patriots, and their families, as well as people with disabilities in the hiring process. In order to uphold the honorable lives of veterans who have contributed to the prosperity and security of the nation, we promote community activities such as offering educational and employment programs, supporting livelihood stability, and enhancing welfare improvement.· We regularly conduct diversity education to enhance awareness of employees on diversity.
<p>Principles of Fairness</p> <ul style="list-style-type: none">· The BNK Financial Group provides equal employment opportunities to all applicants who meet job qualification requirements and demonstrate appropriate capabilities.· We annually disclose an analysis of wage disparities based on gender.· We provide same working environment for same job and job with same value.· We conduct fair evaluations based on individual employees' capabilities and performance, and systematically incorporate these evaluations to ensure fair compensation.

- INTRODUCTION
- ESG STRATEGY & PROGRESS
 - FOCUS AREA
 - Climate Finance
 - Implementation of TCFD Recommendations
 - Governance Strategy
 - Risk Management
 - Metrics and Targets
 - Humancentric Finance
 - Human Rights Management
 - ESG MANAGEMENT
 - APPENDIX

Humancentric Finance

Human Rights Management

Diversity Enhancement Programs

Social Equity in Employment

The BNK Financial Group operates a fair employment process based on the ‘Exemplary Bank Employment Process Criteria’. We do not unfairly discriminate applicants based on gender, disability, religion, etc. during the employment process, and do not require information including hometown, physical condition, etc. In addition, we expand new hirings, support conversion of contract-based employees into full-time regular positions and provide quality jobs. Each subsidiary is focusing on securing diversity among its members by establishing a special employment process for social minority groups. Busan Bank is working on expanding job opportunities for multicultural families, veterans, and the disabled. In order to provide proper working environment to each member, the ‘work-at-home program for the disabled’ has been adopted and offered to people with severe disabilities having difficulties commuting to work. Kyongnam Bank signed an agreement with the ‘Changwon Customized Training Center for the Disabled’ to expand the employment for groups needing social consideration, and hired employees with disabilities through appropriate training. Since 2020, it has employed disabled athletes with the Gyeongnam branch of the Korea Employment Agency for Persons with Disabilities and the Gyeongsangnam-do Sports Association for the Disabled to provide support so that local disabled athletes placed in inferior conditions compared to non-disabled athletes can focus on training in a safe environment. Two athletes were hired in 2020 and 2021 each, and have been continuously supported to this date.

Fostering Female Talents

The BNK Financial Group operates a program to foster female talents in employment and staff development to keep diversity within the Group. Busan Bank carries out various training courses to nurture female core talents. The ‘Female Credit Talents Upskilling Course’ is a program, conducted twice a year, in which 5 to 6 candidates selected through a public competition are placed to work after 5 to 10 days of credit theory training. In addition, a total of 118 female staffs who are dedicated to work in receiving credits participated in the ‘AB (All Round Banker) Administrative Task Allocation Pre-Compulsory Training.’ The BNK Financial Group aims to expand programs that support female talents, striving to solve the gender imbalance in management and certain departments and strengthen the Group competitiveness.



- INTRODUCTION
- ESG STRATEGY & PROGRESS
- FOCUS AREA
- ESG MANAGEMENT**
- Environmental Finance**
 - Environmental Management
 - Green Finance
- Socially Responsible Finance**
 - Digital Finance
 - Customer-centered Finance
 - Information Protection
 - Innovative Finance
 - Financial Inclusion
 - Win-Win Finance
 - Corporate Culture
 - Talent Development
 - Contribution to Local Community
- Ethical Finance**
 - Governance
 - Risk Management
 - Ethical Management
- APPENDIX

ESG Management

04

Environmental Finance	48
Socially Responsible Finance	59
Ethical Finance	99



INTRODUCTION
ESG STRATEGY & PROGRESS
FOCUS AREA
ESG MANAGEMENT
Environmental Finance
Environmental Management
Green Finance
Socially Responsible Finance
Digital Finance
Customer-centered Finance
Information Protection
Innovative Finance
Financial Inclusion
Win-Win Finance
Corporate Culture
Talent Development
Contribution to Local Community
Ethical Finance
Governance
Risk Management
Ethical Management
APPENDIX

Environmental Finance

Environmental

Environmental Management	49
Green Finance	52



INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

ESG MANAGEMENT

Environmental Finance

Environmental Management

Green Finance

Socially Responsible Finance

Digital Finance

Customer-centered Finance

Information Protection

Innovative Finance

Financial Inclusion

Win-Win Finance

Corporate Culture

Talent Development

Contribution to Local Community

Ethical Finance

Governance

Risk Management

Ethical Management

APPENDIX



The BNK Financial Group establishes and promotes ‘environmental management policies’ to pursue systematic environmental management. We are strengthening company-wide energy saving efforts to minimize the environmental impact and are implementing education and campaigns to internalize an eco-friendly culture within the Group.

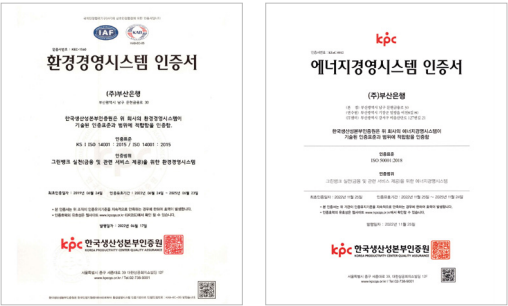
Environmental Management Policies

Environmental Management System

The BNK Financial Group implemented an environmental management system to systematically manage the environmental impact of business activities, we set and manage goals for continuous advancement of environmental management. The BNK Financial Group’s ESG department oversees the Group’s environmental management, and subsidiaries’ strategic planning departments are dedicated to implementing environmental management. Performance related to environmental management is reported to the BOD through the regularly held ESG Committee. It manages environmental indicators such as energy consumption, and performance in the environmental management area is managed in particular as the performance KPI of the headquarters. In addition, we install and operate emission facilities in accordance with major domestic and overseas environmental laws and regulations, such as the Clean Air Conservation Act, Water Environment Conservation Act, Noise and Vibration Control Act, etc.

Environmental Management Certification

As a result of the implementation of a systematic environmental management that meets international standards, the BNK Financial Group is maintaining the ISO14001 certification previously acquired, which is an international standard in environmental management. Busan Bank acquired the ISO 14001 certification in 2019, and it is renewing the certification through annual follow-up management audits. In addition, Busan Bank newly acquired the ISO 50001 certification, an international standard for energy management, in 2022.



ISO 14001 Certificate ISO 50001 Certificate

Environmental Management Guidelines

BNK Financial Group's Environmental Management Policies

The BNK Financial Group hereby enacts and promotes the 'BNK Financial Group Environmental Management Policies' in order to become a sustainable financial group for future generations by reducing the negative impacts on the environment that can arise from all business activities and creating positive effects.

1. Operation of Environmental Management System

• The BNK Financial Group operates an environmental management system to enhance its environmental management policies by identifying and evaluating environmental risks, including climate change.

2. Reduction of Greenhouse Gas Emissions

• The BNK Financial Group responds to the climate change crisis through activities for reducing greenhouse gas emissions from all of its business operations.

• The BNK Financial Group contribute to the transition to a low-carbon society by encouraging industries with high greenhouse gas emissions to reduce their emissions.

3. Efficient Resource Use

• The BNK Financial Group minimizes waste by efficiently using resources involved in all business activities.

• The BNK Financial Group actively participates in energy saving activities to efficiently use energy consumed in all business activities.

4. Encouragement of Employee Participation

• The BNK Financial Group supports the upskilling of employees on environment management by providing educational programs on environmental management.

• The BNK Financial Group fosters a corporate culture where all employees are engaged in environmental management by actively listening their opinions on environmental management.

5. External Relations

• The BNK Financial Group discloses its environmental management performance to external stakeholders and collect their opinions to promote cooperation on environmental management practices.

• The BNK Financial Group participates in domestic and foreign external collaboration programs related to environmental management, creating a synergy for environmental conservation.

INTRODUCTION
ESG STRATEGY & PROGRESS
FOCUS AREA
ESG MANAGEMENT
Environmental Finance
Environmental Management
Green Finance
Socially Responsible Finance
Digital Finance
Customer-centered Finance
Information Protection
Innovative Finance
Financial Inclusion
Win-Win Finance
Corporate Culture
Talent Development
Contribution to Local Community
Ethical Finance
Governance
Risk Management
Ethical Management
APPENDIX

Environmental Finance

Environmental Management



Energy Conservation Efforts

Implementation of Pollution-free Corporate Vehicles

The BNK Financial Group is encouraging the transition to low-emission corporate vehicles to reduce greenhouse gas emissions. Busan Bank adopted 23 low-emission corporate vehicles in 2022, and as of the end of 2022, the Bank maintains an adoption rate of approximately 60% with 179 out of the total 295 corporate vehicles being low-emission vehicles.

Kyongnam Bank has participated in the K-EV100 (Korean pollution-free vehicle conversion 100) Initiative in 2021, and is aiming to convert all of its owned and leased vehicles to pollution-free vehicles by 2030.

The BNK Financial Group plans to continuously promote the transition to low-emission and electric vehicles for internal combustion engine vehicles of which durable life expired.

Kyongnam Bank K-EV 100 Roadmap											
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Purchase/lease of pollution-free vehicles 											
Plan (Performance)	Number of pollution-free vehicles	-	5(4)	5	25	50	55	120	140	175	200
	Number of internal combustion engine vehicles	211 (0)	206 (207)	205	185	160	165	90	65	30	-
Building charging infrastructure 											
Plan (Performance)	High-speed charger	-	-	-	-	1	-	-	1	-	1
	Slow charger	-	2(8)	3	2	8	2	2	6	5	-



Operation of Green Buildings

The BNK Financial Group implemented green facilities in the building to reduce energy use in the building. We replaced air conditioners and heaters with high-efficiency equipment, improved ventilation facilities, and installed fine dust filters at branch offices. In addition, we have adopted certified green building materials products (such as ceiling materials, finishing materials, etc.) and water-saving facilities certified by the Ministry of Environment in the Kyongnam Bank Head Office and our owned buildings (including the unmanned Ohdongdong branch). We are also operating our buildings in an eco-friendly manner through the replacement and installation of high-efficiency LED lights within our branches.

Email Clean Up Challenge

As part of its commitment to environmental protection and the spread of environmental management culture, Kyongnam Bank conducted the Email Clean Up Challenge. Through this challenge, a total of 131,622 emails were deleted to reduce the offices' need for energy as well as carbon footprints. We will continue to run such challenges in the future, to reduce electricity consumption and greenhouse gas emissions while encouraging our employees to practice eco-friendly activities.




Environmental Finance

Environmental Management

Implementation of Solar Power Generation Facilities

The BNK Financial Group is striving to increase the use of renewable energy and lower the dependency on fossil fuel-based energy. Busan Bank has reduced greenhouse gas emissions by applying solar power generation facilities. A total of nine branches including the Shinpyeong-dong Financial Center and Geoje-dong Branch have implemented solar power generation facilities. In 2022, Busan Bank operated solar power generation facilities with a total power capacity of 196kWh, producing and using 272,616kWh of electricity, which corresponds to a reduction of approximately 125 tons of greenhouse gas emissions.

Busan Bank's Solar Power Performance

Category	Unit	2021	2022
Generation capacity	 kWh	177	196
Generation quantity	 kWh	288,000 ¹⁾	272,616
Number of branches that installed	 units	8	9

1) Average monthly generation * 12 months

Energy Saving Campaign

The BNK Financial Group has been conducting energy saving campaigns to spread environmental management culture. Busan Bank and Kyongnam Bank are carrying out an energy and resource saving campaign all year round, which includes maintaining appropriate indoor temperature and avoiding the use of disposable items. Kyongnam Bank saved about 6 million KRW in electricity bills and about 173 million KRW in supply expenses compared to the previous year, by improving corporate culture to normalize working hours, encouraging employees to save energy, activating electronic documents, and participating in cost reductions of all departments and branches.

In addition to this, the BNK Financial Group has designated the first Friday every month as an 'ESG Practice Day' and is conducting a campaign that offers free drinks to employees who bring their own tumblers when using the company's café. Moreover, Busan Bank is also making efforts to spread environmental management culture by promoting the registration of a carbon point system for all branches.

Environmental Education Performance

The BNK Financial Group plans to take the lead in realizing green finance by enhancing employees' environmental awareness through environmental education on various topics such as global environmental regulations, corporate response to environmental management, and changes in the financial market due to climate crisis.

Environmental Education Performance in 2022

	Category	Number of employees attended
All group	Global environmental regulations	218
	ESG-related global initiative	201
	Corporate response to environmental management	192
	BNK Financial Group's declaration of Net Zero and implementation plan	185
Busan Bank & Kyongnam Bank	Environmental Education by theme	
	- KCGS ESG Assessment by segment (environmental evaluation)	
	- ESG Finance Methodology (measurement, scenario analysis, goal setting)	
	- ESG Finance Methodology (implementation, disclosure, declaration)	
	- IPCC, climate change scenarios and their entities	112
	- Effect of climate crisis	
	- Response to financial risks in the era of climate crisis	
	- Changes in the financial market due to climate crisis	
	- Green finance (foreign national/ private banks)	

- INTRODUCTION
- ESG STRATEGY & PROGRESS
- FOCUS AREA
- ESG MANAGEMENT
 - Environmental Finance
 - Environmental Management
 - Green Finance
 - Socially Responsible Finance
 - Digital Finance
 - Customer-centered Finance
 - Information Protection
 - Innovative Finance
 - Financial Inclusion
 - Win-Win Finance
 - Corporate Culture
 - Talent Development
 - Contribution to Local Community
 - Ethical Finance
 - Governance
 - Risk Management
 - Ethical Management
- APPENDIX



The role of green finance is becoming increasingly significant in order to actively respond to the rapidly accelerating climate crisis. The BNK Financial Group develops products and services needed for the growth of green companies, providing a foundation for responding to climate change and transitioning to a low-carbon economy. We provide various benefits such as interest rate reductions, fund support, and fee discount for companies that carry out eco-friendly business and are equipped with green facilities. We also provide financial benefits to individual customers based on the performance of green activities in daily life to enhance customers' awareness of environmental conservation and response to climate change. Furthermore, we classify and manage green financial product services such as green bonds and green project investments utilizing the Green Bond Principles and Social Bond Principles announced by the International Capital Markets Association (ICMA), the Sustainability Bond Guidelines, and the Korean Green Bond Guidelines announced by the Ministry of Environment.

Green Loan Products

Loan Support for Green Companies

The BNK Financial Group offers various financial preferential benefits to green companies that practice energy efficiency, environmental pollution reduction, and the expansion of renewable energy. Busan Bank has launched the 'ESG Outstanding Company Loan' to provide preferential loans for companies that excel in ESG areas. Busan Bank also provides preferred interest rates and loan limits to companies purchasing eco-friendly buses through the 'Green Bus Purchase Loan' product, and provides preferential interest rates of up to 0.5% to those who own an eco-friendly vehicle or have received an eco-friendly company certification¹⁾. Kyongnam Bank has also launched the 'E-Green Loan' and offers a 0.5% ESG special interest reduction to green certified companies¹⁾.

The BNK Financial Group actively supports loans to businesses in need of green investment funds. In partnership with the Korea Energy Agency, Busan Bank provides the 'Practical Energy Use Funds' for energy savings and efficient operations, and operates major branches as 'E-Green branches' to provide facility guidance and easy access to companies in need of eco-friendly investment funds. In May 2022, a new MOU was signed with the Ministry of Trade, Industry and Energy for the 'Secondary Conservation Project to Promote the Supply of Green Vehicles,' supporting funds required for investment in facilities, M&A, and R&D for companies related to green vehicles.

1) Green-certified companies, ISO 14000 series certified companies, energy service companies (ESCO companies), Korea Energy Agency certified companies, and companies with an environmental rating of BBB or above from the Korea Environmental Industry & Technology Institute, etc.

Supporting Renewable Energy Companies

The BNK Financial Group strives to provide financial support for supplying renewable energy. BNK Capital promotes strategic partnerships with renewable energy companies, and supports asset fluidization of construction and power generation funds in renewable energy-related industries such as solar power plants and ESS. BNK Capital is continuing the receivables factoring business activities for solar power and REP (loan business) construction, and is reviewing new partnerships with solar power plants. In 2022, it launched a new product targeting companies specialized in energy conservation (ESCO, Energy Service Company) that provide energy solutions, achieving a result of supporting 31 companies with a total of 5.2 billion KRW.

Details of Accounts Receivables for Solar and REP Construction		
Category	Count	Amount
2020	8	1.5 billion KRW (monthly average of 130 million KRW)
2021	35	3.7 billion KRW (monthly average of 310 million KRW)
2022	41	5.9 billion KRW (monthly average of 490 million KRW)

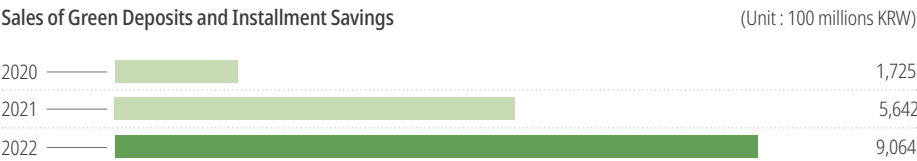
Preferential Secured Loan for Green Vehicles

As part of its efforts to encourage the purchase of green vehicles, BNK Capital offers a loan limit that is 20% higher than the existing car title loan limit if a customer registers for a car title loan using a green vehicle a collateral. In 2022, a total of KRW 7.9 billion of preferential mortgage loans for green vehicles was handled.

Green Finance


Green Deposit Products

The BNK Financial Group has continuously sold green deposits and installment savings products to prioritize green activities of customers. The goal of low-carbon deposit/installment savings, which was launched in November 2021, is to establish an environmental management system and return parts of the sales profits to society in order to enhance local win-win activities. Busan Bank offers preferred interest rates for eco-friendly activities through low-carbon deposit/installment savings which is linked to eco-mileage (carbon points) system in order to recommend carbon reduction practices in the everyday life of citizens. As at the end of 2022, 691.2 billion KRW in low carbon deposits and 156.8 billion KRW in low carbon installment savings were sold. They were used to donate approximately 100 million KRW to environmental improvement projects and for sponsoring environmental cultural festivals, thereby leading the way in environmental-related social contribution activities.



1) Modification in 2021 data in accordance with changes in data counting criteria

Kyongnam Bank's Launching Target of Green Deposit Products (cumulative)

Category	Units	2024	2025
Launching green deposit products	 unit	1	2

Green Card Products

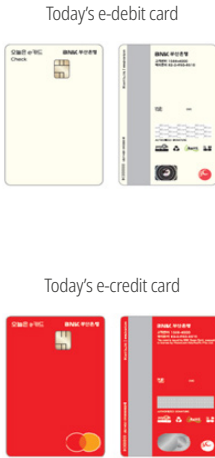
Green Card

To encourage customers' green consumption, the BNK Financial Group sells 'Green Card' that allows customers to receive Eco-Money points when practicing green life, such as saving energy and purchasing green products. Customers who use the Green Card from Busan Bank and Kyongnam Bank can accumulate Eco-Money points based on the amount of electricity, water, and city gas they save. Furthermore, when purchasing eco-friendly products with the Green Card, a certain percentage of the price can be accumulated as Eco-Money points. The Eco-Money points accumulated on the card can be used in various ways, including cash conversion, public transport payment, and eco-friendly donations. In particular, Busan Bank and Kyongnam Bank are conducting a promotion that provides a 50% billing discount when charging a hydrogen vehicle using a green card. This way, the BNK Financial Group encourages customers to voluntarily lead a green consumption lifestyle through green card products.



Green Material Card

The BNK Financial Group is contributing to the realization of a circular economy by issuing cards made from various green materials. We are adopting green materials such as Recycling-PVC from domestic plastic waste, and BIG materials, a PVC-free synthetic resin that reduces environmental pollution throughout the entire process of production, consumption, and disposal of products into our card plates. The green material cards from the BNK Financial Group have received an green label certification from the Korea Environmental Industry & Technology Institute. They were first applied to Busan Bank's DingDing credit card, Dongbaekjeon prepaid card, Today's e-card, and green card, making four green material cards out of a total of 54 cards. Through this, we expect to contribute to reducing plastic waste that arises when customers dispose of their cards after expiration date.



INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

ESG MANAGEMENT

Environmental Finance

Environmental Management

Green Finance

Socially Responsible Finance

Digital Finance

Customer-centered Finance

Information Protection

Innovative Finance

Financial Inclusion

Win-Win Finance

Corporate Culture

Talent Development

Contribution to Local Community

Ethical Finance

Governance

Risk Management

Ethical Management

APPENDIX

Environmental Finance

Green Finance

Reflecting ESG elements in Loan and Investment Process

Reflecting ESG Elements in Loan and Investment Review

The BNK Financial Group reflects environmental and social risk elements in the internal investment regulations and investment asset management policies, and it has established an investment process that reflects ESG risks. Busan Bank, Kyongnam Bank, and BNK Capital are systematically assessing the level of ESG management including the status of corporate environmental management practices, stable labor supply capabilities, and ethical management levels through ESG checklists during corporate credit ratings. They provide loans or approve investments according to general loan and investment processes when their self-assessment results are above a certain grade. On the other hand, if it does not meet a certain level, we request an evaluation to an expert institution, and decisions are made according to the final results of the evaluation performed by the expert institution.

In addition, BNK Capital has established criteria for ESG outstanding companies and applies preferential interest rates to such companies from 2023. It plans to establish detailed environmental management evaluation criteria and operate internal regulations that explicitly state the types of supporting documents that must be collected and submitted to improve the objectivity of the ESG evaluation.

ESG Checklist Items	
Area	Items
E	Environmental management systems, degree of contribution to environmental issues, the acquisition status of environmental certifications, etc.
S	Level of cooperation between labor and management, experiences of labor-management disputes and relative wage levels, welfare facilities, welfare benefits systems, etc.
G	Commitment towards ethical management, violation cases of ethical management, operation status of compliance system, etc.

Reflecting ESG Elements in Loan Follow-up Management Process

Busan Bank and Kyongnam Bank, reflecting the growing trend of internal and external ESG regulations, have selected ESG risk as a key supervising area in the loan follow-up management process from 2022 and are conducting inspections. Busan Bank is actively incorporating ESG management elements into the industries with high ESG risk (such as chemicals, steel, etc.) through a system of dedicated chief officer. The bank is rigorously managing credit limitation, liquidity check, and credit reduction measures for companies where credit risk is aggravated based on inspection results. Kyongnam Bank has identified 1,426 companies potentially at risk in accordance with the strengthening of environmental and climate regulations and the transition to a low-carbon society in 2022. We conducted a review of the ESG risk levels and ESG risk response statuses of 20 companies among manufacturing industries with high greenhouse gas emissions (such as chemicals, steel, nuclear, etc.).

For five companies considered to require intensive observation due to high ESG risk levels and weak ESG risk responses, we have strengthened addressing management, including setting limits on loan and we continue to manage them continuously.



Environmental Finance




Green Finance

ESG Investments

Promotion of Green Project Financing

The BNK Financial Group is continuously expanding its green project financing (PF) to enhance financial support needed for the growth of green industries. We categorize green PF based on the criteria suggested in the Korean green classification system (K-Taxonomy) and manage PF performance by differentiating between principal investment (PI) in the form of indirect investments, and investments in social overhead capital (SOC) to stimulate the establishment of green infrastructure. In 2022, we pursued green PF worth 563.6 billion KRW in all.

SOC-related Major ESG Investment (Unit : million KRW)			
Category	Project name	Project details	Investment
Busan Bank	CGN DAESAN POWER Biomass Power Generation Project	Project that constructs a 109MW biomass power plant within the Dasan petrochemical complex in Seosan, Chungnam	25,199
	Ulsan resource recovery facility project	Project that builds facilities for the treatment of household and industrial waste generated in Ulsan, and sells steam using remaining heat generated from waste treatment and incineration	3,086
	 Others		37,625
Kyongnam Bank	Changwon hydrogen liquefaction project	Support for PF related to the construction project of the first domestic liquefaction hydrogen facility, which is being promoted through public-private cooperation under the leadership of Changwon City	45,615
	Taebaek Biomass Power Generation Project	Project that sells electricity produced at a 3MW-class biomass power plant to the Korea Power Exchange	17,560
	 Ulsan resource recovery facility project	Project that builds facilities for the treatment of household and industrial waste generated in Ulsan, and sells steam using remaining heat generated from waste treatment and incineration	2,628

PI-related Major ESG Investment (Unit : million KRW)		
Category	Projects	Investment
Busan Bank	Korean Peninsula BTL Private Asset Fund	43,747
	Korea BTL 1 Investment Loan	42,246
	Mirae Asset Maps Regional Development BTL Private Asset Fund	16,049
	BNK Fine Dust Solution Fund Investment	1,007
	 Deoham Green Energy Work Joint Venture Investment	4,000
Kyongnam Bank	Consus Clean Water Special Private Asset Investment Trust No. 1	9,481
	Igis Real Asset Investments Solar-Specializing Private Investment Trust No. 1	7,405
	Kyobo-Axa Clean Energy Center Specialized Investment Private Asset Investment Trust No. 1	7,172
BNK Capital	NP Growth No.6 Private Asset Fund	2,067
	Daeshin PS Mobility Private Asset Joint Venture Investment	1,893
	 Genesis Environmental Energy Company No. 6 Private Asset Joint Venture Investment	1,860

INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

ESG MANAGEMENT

Environmental Finance

Environmental Management

Green Finance

Socially Responsible Finance

Digital Finance

Customer-centered Finance

Information Protection

Innovative Finance

Financial Inclusion

Win-Win Finance

Corporate Culture

Talent Development

Contribution to Local Community

Ethical Finance

Governance

Risk Management

Ethical Management

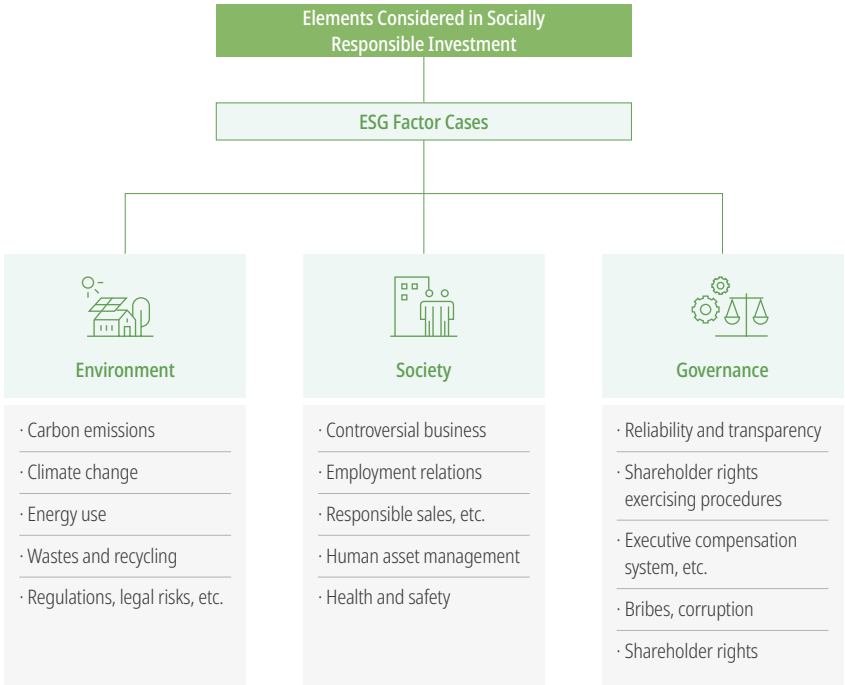
APPENDIX

Green Finance

ESG Fund Sales

The BNK Financial Group is selling ESG fund products in order to comply with responsible investment policies presented in the UNEP FI (United Nations Environmental Programme Finance Initiative) and PRI (Principles for Responsible Investment). For ESG funds, we select companies for investment based on non-financial factors such as environmental, social, and governance, not just financial factors. Through this, we are investing in ESG outstanding companies considering not only the stability of profits but also sustainability. In 2022, Busan Bank sold 10 ESG funds, Kyongnam Bank sold 14 ESG funds, and BNK Securities sold 5 ESG funds. While pursuing the stable profits of the BNK Financial Group through ESG fund sales, it is also contributing to the creation of social values.

Elements Considered in Socially Responsible Investment



Major ESG Fund Sales (2022)

(Unit : million KRW)

Fund Name	Busan Bank	Kyongnam Bank	BNK Capital
BNK Sustainable ESG Securities Investment Trust No. 1 (Stock)	1,247	155	8,520
KB ESG Growth Leaders Securities Investment Trust (Stock)	1,744	2,755	-
NH-AMUNDI 100-Year Company Green Korea Securities Investment Trust (Stock)	1,174	111	-
Truston ESG Jegalgongmyung Securities Investment Trust (Stock)	31	67	-
Mirae Asset Clean Tech Securities Investment Trust (Stock)	13	30	-
Samsung Global Clean Energy Securities Account No. 1 (Stock- Fund of Funds)	38	256	-
Korea Investment e Short-Term Bond ESG Securities Investment Trust (Bond)	420	-	-
Mirae Asset Green New Deal Index Securities Investment Trust (Stock)	2,898	-	-
Korea Investment Credit Focus ESG Securities Investment Trust No. 1 (Bond)	-	2,244	-
KB Korea New Deal Securities Investment Trust (Stock)	-	1,297	-
Kiwoom Pioneer ESG Securities Investment Trust No. 1 (Bond)	-	541	-
Mirae Asset Global Innovation Company ESG Securities Investment Trust (Stock)	-	539	-
Kyobo AXA ESG Alpha Plus General Private Asset Investment Trust J-6 (Bond)	-	-	30,281
Hanwha ESG Professional Investment Type Private Asset Investment Trust No. 1 (Stock)	-	-	33,314
NH-Amundi Yellow Umbrella ESG General Private Asset Investment Trust (Stock)	-	-	8,472
Investment Pool General ESG Private Securities Investment Trust No. 1-1 (Bond)	-	-	156,049
Others	450	308	-
Total	8,015	8,303	236,636

Environmental Finance

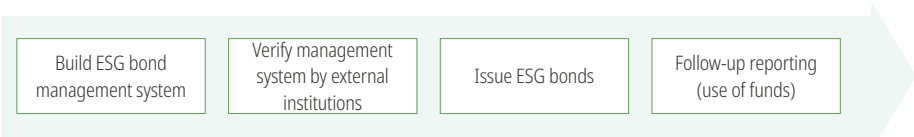
Green Finance

ESG Bonds

ESG Bond Management System

The BNK Financial Group is continuously issuing ESG bonds. We have established an ESG bond issuing management system for the systematic management of the entire process from issuance of ESG bonds to follow-up monitoring. This management system is structured to comply with the Green Bond Principle, Social Bond Principle, Sustainability Bond Guidelines of the International Capital Market Association (ICMA). It is consisted of content related to the use of funds, evaluation and selection of target businesses, fund management, and follow-up reporting. Our ESG bond issuance management system was evaluated by external evaluation institutions to meet the standards of ICMA's principles and the Ministry of Environment's green bonds guidelines.





ESG Bond Issuance Process



Areas Supported with Procured Funds

Area	Details	
Green	<ul style="list-style-type: none">· Renewable energy· Increased energy efficiency· Prevention and improvements to environmental pollution· Environmental sustainability management for using land and natural resources	<ul style="list-style-type: none">· Environmental sustainability management for using water resources· Green transportation· Green consumables· Green cities and buildings· Climate change adaptation
Social	<ul style="list-style-type: none">· Support for basic livelihood and basic infrastructure for vulnerable groups, low-income groups, etc.· Housing provision for vulnerable groups, low-income groups, etc.	<ul style="list-style-type: none">· Support for SMEs, venture companies, social enterprises· Job creation· Revitalization of local economy

Highlights of ESG Bond Management System




Use of funds	Evaluation and selection of target businesses	Fund management	Follow-up reporting
 <p>Under the ESG bond issuance management system, the bonds that the BNK Financial Group can issue are green bonds, social bonds, and sustainability bonds, all of which are collectively defined as 'ESG bonds.' Funds procured with ESG bonds are being distributed to the green sector and social sector businesses and are not used for companies that had a history of exploiting child labor or in industries based on fossil fuels.</p>	 <p>The evaluation and selection of target businesses are carried out in a process that selects businesses corresponding to the categories of ESG bonds among those that comply with the general internal financial review standards. If a target business qualifies, we comprehensively consider the economic, environmental, and social impact reviews, as well as the loan review contents, and finally select the target business and decide to issue ESG bonds.</p>	 <p>The BNK Financial Group appropriately distributes and operates funds from the issuance of ESG bonds to the supported businesses. We continuously track and manage the use of ESG bonds through the ESG bond registry or internal systems. Funds from the issuance of ESG bonds that have not been used are managed as cash and cash equivalents, short-term financial instruments, etc., according to the BNK Financial Group's general regulations and guidelines for fund management.</p>	 <p>BNK Financial Group annually discloses the 'Investor Guide', which contains information on the use of issuance and the economic, environmental, and social impacts, on our company website or through the Socially Responsible Investment Bonds site (http://sribond.krx.co.kr). The 'Investor Guide' includes information related to the supported business, the used and unused amounts of the bond issuance, and the expected figures for the contribution to the economic, environmental, and social improvement of the supported business.</p>

Green Finance

ESG Bond Issuance and Evaluation



Busan Bank and Kyongnam Bank are issuing ESG bonds to fulfill the BNK Financial Group's pursuit of sustainable management and the economic, environmental, and social responsibilities of the corporation. In 2022, Busan Bank issued 150 billion KRW in ESG amortization conditional capital securities (new capital securities) and Kyongnam Bank issued 200 billion KRW in ESG bonds. The bond issue funds were procured for supporting financial services for SMEs, venture companies, and social enterprises.

Status of Issuing ESG Bonds

Category		Bonds	Issuance date
Busan Bank		Busan Bank 2020-11 I 2.0A-30 (Ji)	2020.11.30
		Busan Bank 2021-10 I (Byun)2A-(Sa)	2021.10.29
		Busan Bank 202204 I Young Gu A07 (Sa) Amortization conditional capital securities (new)	2022.04.07
Kyongnam Bank		Kyongnam Bank 2021-04 I 2A-12 (Sa)	2021.04.12
		Kyungnam Bank Conditional(Sang)2022-05 E(new)Young A-10(Sa)	2022.05.10
BNK Capital		The 292nd round of BNK Capital (Company)	2022.09.19

Kyongnam Bank received a follow-up evaluation by an external institution for the social bonds it issued. As a result, it received the highest grade of ‘E1’ out of E1~E5 grade in Part 1 (Project eligibility, capital allocation ratio, etc.), and the highest grade of ‘M1’ out of M1~M5 grade in Part 2 (Management, operation system and transparency evaluation). It also achieved the highest rating of ‘SB1’ for social sector bonds in the final assessment. Both Busan Bank and Kyongnam Bank have completed the disclosure of investor brochures, which include follow-up management external certification assessments, fund allocation, and the environmental and social impact of the ESG bonds issued in 2022.

ESG Bond Certification Evaluation

Category		Busan Bank	Kyongnam Bank
ESG certification evaluation results	Evaluation rating	S1 ¹⁾	SB1 ¹⁾
	 Evaluator	Korea Ratings Corporation	Korea Investors Service
Social bond overview for evaluation target	Issuer	Busan Bank	Kyongnam Bank
	Financial item	2021-1029 invitational private loan	Kyungnam Bank Conditional(Sang)2022-05 E(new) Young A-10(Sa)
	Amount issued	Total 150 billion KRW	Total 200 billion KRW
	 Date issued	04/07/2022	5/10/2022
	Maturation date	Permanent bond	Permanent bond

1) S1, SB1 : Social Bond 1, the highest grade for bonds in the social sector

Issuance of Foreign Currency ESG Bond

Busan Bank acquired the ‘Foreign Currency ESG Bond Framework (Management System)’ certification from DNV, an ESG specialized certification agency, in April 2022, becoming the first bank outside of the Seoul area to issue a foreign currency social bond worth 20 million USD. Furthermore, Busan Bank achieved the result of diversifying its funding channels by being the first in Korea to secure a foreign currency ‘Social Syndicated Loan’. The ‘Social Syndicated Loan’ is a compound word for ‘Social Loan’. This uses the funds raised for social projects, and ‘Syndicated Loan’, where two or more banks form a consortium raise large amount of funds under common conditions. In September 2022, Busan Bank preemptively ensured foreign currency liquidity by concluding a contract for a 300 million USD ‘Foreign Currency Social Syndication Loan’ against 22 institutions in 6 countries. Additionally, Busan Bank completed the reporting and verification of the allocation and impact of the funds raised through the Foreign Currency ESG Bonds. The BNK Financial Group plans to continue the issuance of Foreign Currency ESG Bonds in order to expand inclusive finance for local small businesses and vulnerable groups in the future.

- INTRODUCTION
- ESG STRATEGY & PROGRESS
- FOCUS AREA
- ESG MANAGEMENT
 - Environmental Finance
 - Environmental Management
 - Green Finance
 - Socially Responsible Finance
 - Digital Finance
 - Customer-centered Finance
 - Information Protection
 - Innovative Finance
 - Financial Inclusion
 - Win-Win Finance
 - Corporate Culture
 - Talent Development
 - Contribution to Local Community
 - Ethical Finance
 - Governance
 - Risk Management
 - Ethical Management
- APPENDIX

Social

Digital Finance	60
Customer-centered Finance	65
Information Protection	71
Innovative Finance	76
Financial Inclusion	78
Win-Win Finance	83
Corporate Culture	85
Talent Development	90
Contribution to Local Community	93



INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

ESG MANAGEMENT

Environmental Finance

Environmental Management

Green Finance

Socially Responsible Finance

Digital Finance

Customer-centered Finance

Information Protection

Innovative Finance

Financial Inclusion

Win-Win Finance

Corporate Culture

Talent Development

Contribution to Local Community

Ethical Finance

Governance

Risk Management

Ethical Management

APPENDIX



The BNK Financial Group is promoting continuous innovation to create new business opportunities in the rapidly changing digital environment while preparing for the age of the fourth industrial revolution. We have newly established the group D-IT sector in 2018 and constructed the Group IT Center in 2019. Furthermore, the D&D (Digital&Data) Center was newly established in 2021 to introduce new digital technologies within the group, which promote internal expansion and collaboration among subsidiaries. In 2022, we are continuing our efforts to achieve the vision of ‘Digital Finance Convenient for People’ by establishing digital transformation (DT) strategies and implementation tasks, as well as constructing operational management systems for each subsidiary.

Digital Finance Policy

Digital Finance Strategy

The BNK Financial Group has established its DT vision as ‘Humanized Digital Finance’, and set three strategic goals: ‘Finance for People’, ‘Digitally Empowered Finance’, and ‘Digital Powered by People’. The purpose of enhancing efficiency and convenience in the financial sector through digital transformation is ultimately driven by people (employees) and for people (customers). Under these visions and strategic goals, the BNK Financial Group is promoting digital transformation in five strategic directions: ‘Improving Customer Experience’, ‘Maximizing Internal Operational Efficiency’, ‘Innovation in Data-Based Businesses’, ‘Enhancing Local Financial Services’, and ‘Building a Digital Corporate Culture’.

Digital Management Vision



Digital Finance

Digital Finance Strengthening System

With the establishment of the BNK Financial Group's mid-to-long term Digital Transformation (DT) strategy, the Digital Strategy Committee (DSC) has been newly established within the five major subsidiaries to enhance digital transformation execution. Through the Digital Strategy Committee meeting held every month, the status of DT strategic tasks is being checked, and issues arising in the process of DT are analyzed and solutions are derived.

The BNK Financial Group is striving to create synergy effects by providing the Group's core digital capabilities through the D&D (Digital&Data) Center, established in 2021, and advancing digital capabilities among subsidiaries. Furthermore, we established a cloud-based 'Group Big Data & AI Platform' in January 2023 for data collection and analysis. We will utilize this to develop intelligent algorithms for personalized marketing, personal asset management, and product recommendations, thereby strengthening the Group's digital competitiveness.



Kyongnam Bank DSC Launching Ceremony

Digital Finance Strengthening Task

Busan Bank and Kyongnam Bank have identified 10 core digital transformation (DT) strategic tasks and detailed implementation tasks from perspectives such as expansion of digital-based products and services, innovation in data-based financial operations, and fostering digital organizational culture, based on their business model.

Busan Bank	
Strategy direction	Core strategic projects
Differentiation of digital experiences in customers, products, and channels	Advancement of retail finance-centric platform
	Enhancement of digital products competitiveness
	Digital innovation in face-to-face channels
	Strengthening digital-based corporate customers sales
	Promotion of digital WM services
Building digital ecosystem and expansion of partnerships	Platformization of local-connected comprehensive finance
	Discovering new digital businesses
Innovation of organization/culture/system	Company-wide empowerment of data capabilities
Process/regulation transformation for timely market response	Digitalization of internal tasks
	Restructuring of organization, manpower, KPI (Key Performance Indicators), and systems
Digital optimization of organizational and human capacity	Forming consensus among employees

Kyongnam Bank	
Strategy direction	Core strategic projects
100% conversion of retail finance to digital	Expansion of products and services
	Strengthening external partnership
	Providing customer-tailored offer
Innovation of existing business	Establishment of bank-wide DT promotion system
	Providing integrated products/services
Discovering new business	Discovering new digital technologies
Data innovation	Establishment of data management system
Innovation of organization/culture/system	Fostering digital organization culture
	Cultivation of digital talent
	Establishment of digital evaluation system

Socially Responsible Finance

Digital Finance

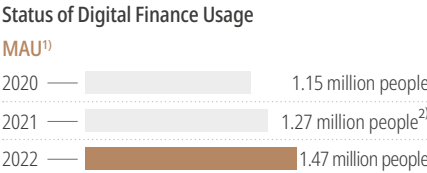
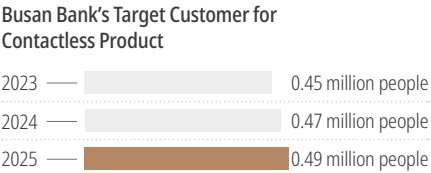
Securing Digital Customers

Strengthening Mobile Banking Competitiveness

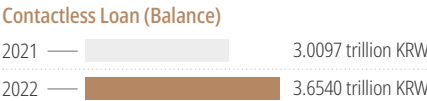
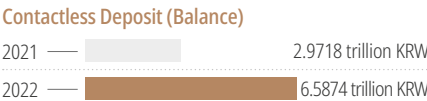
The BNK Financial Group is strengthening its mobile banking competitiveness by improving UI/UX around user-experience. The financial product mall was completely renewed so that customers can find their desired products easily. Menu search functions were added to the main screen, while arranging major function buttons on the bottom. In order to enhance the convenience of using mobile banking, error messages were made more visible and the zero-pay gift certificate payment screen was improved. Mobile banking was turned into a lifestyle financial platform to provide loss insurance claims, securities analysis, and coupon mall services, and more services will be added continuously.

Kyongnam Bank has implemented a contactless certification issuance service to improve customer convenience. Kyongnam Bank is providing the largest variety of certificates within the financial sector through its contactless issuance service, and plans to add some individual and corporate certificate issuance services in 2023.

BNK Savings Bank has implemented a system of submitting simple documents and an electronic signature system without joint certificates (formerly, public certificates), and established a simple account opening and loan process through a customer-friendly experience. BNK Capital has expanded the tasks that can be handled through chatbot services, and has strengthened its digital marketing strategy. This includes diversifying the types of chatbot-linked notifications and expanding the limit of loan products linked with them. As of the end of December 2022, the total number of BNK Capital's channel members was 127,933, which is an increase of about 52% compared to 2021. Also, 96% of the approximately 58,000 monthly average uses of chatbots were processed immediately.



1) Monthly Active User
2) Modification in 2021 data in accordance with changes in data counting criteria



Digital Voucher Service

Busan Bank has the 'Digital Voucher Service', which enables integrated management of payment methods such as blockchain-based payment, wire transfers, and allowance management. The payment and remittance services are easy to use, and can also consolidate and manage government grants and corporate welfare points. By circulating the new blockchain-based digital currency within the region, we will create an ecosystem for related industries, such as revitalizing the local economy and linking with businesses in the Blockchain Regulation-Free Zone. In 2022, we initiated the following activities to expand the number of users and the amount of use on our digital voucher platform.

Digital Voucher Service Activities		
Activities	Purpose	Performance in 2022
Issuance of scholarship and fundings for Silla University	Establishing a Smart Campus based on digital vouchers to prevent the outflow of local funds and contribute to the local economic ecosystem	<div><div></div><div><ul style="list-style-type: none">· Total number of issuance: 6· Total issued amount: 647,580,000KRW· Total number of candidate: 758people (new registration)· Total used amount: 612,220,526KRW (95%)</div></div>
Development of digital voucher issuance API (Application Program Interface)	Expanding into an open platform by allowing instantaneous conversion of points earned from other services into digital vouchers through the development of digital voucher issuance APIs	<div><div></div><div><ul style="list-style-type: none">· Number of linked services: 2· Number of conversion: 30· Converted amount: 342,710KRW</div></div>
Implementation of Dong-baekjeon gift event for new customers signing up for digital vouchers	Expanding new digital voucher users and promoting special zone business	<div><div></div><div><ul style="list-style-type: none">· New user: Increased by 4,740people· Dongbaekjeon card issuer among new user: 100people</div></div>
Development of digital voucher coupon issuance function	Activating the service through linked marketing by securing famous stores in Busan as the main place to use of digital vouchers	<div><div></div><div><ul style="list-style-type: none">· Place mainly used: 1(Chilamsagye)· Progress details: Implements an event to distribute ChilamSagye coupons to new customers who sign up for digital vouchers in celebration of Christmas· New user: Increased by 69people</div></div>

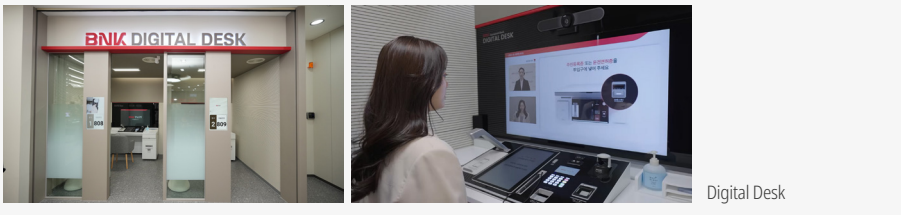
Socially Responsible Finance

Digital Finance

Online and Offline Customer Channel Innovation

Through innovation of all on/offline customer channels and digital marketing, we are continuously developing competence in open banking¹⁾. We are striving to strengthen contactless channel capacities by applying new digital technologies and promoting contactless sales online while expanding digital technology distribution in front-line channels such as branches so that customers can take advantage of more convenient financial services offline. Busan Bank and Kyongnam Bank have introduced a new customer interface called the 'Digital Desk.' The Digital Desk is a consultation channel that combines the advantages of in-person and contactless services, allowing customers to handle banking tasks while consulting with staff through a video call. Currently, through the operation of a total of 29 Digital Desks²⁾, including 19 in manned branches, 8 in unmanned branches, and 2 in special unmanned branches (such as convenience stores), we are providing financial services such as new subscription of deposits/installment savings, new card issuance, handling of declaration tasks, etc.

1) Joint banking infrastructure that standardizes core financial functions such as query and wire transfers that are open to other businesses
2) Sum of Busan Bank and Kyongnam Bank, as of May 2023.



Online and Offline Customer Channels

Busan Bank	· Reorganization of corporate Internet/mobile banking · Establishment of Digital Desk service	· Realization of mobile full banking
Kyongnam Bank	· Digital Desk · Digitization of bank window work	· Advancement and expansion of e-documents for bank windows · Digital transformation of customer center branches
BNK Savings Bank	· Advancement of mobile banking	· Advancement of digital retail loan products
BNK Securities	· Advancement of MTS(Mobile Trading System)	· Development of digital WM products
BNK Capital	· Promotion of mobile window	· Digitization of overseas offices

Contributing to the Growing of Fintech Industry

Supporting Fintech Startups

The BNK Financial Group is strengthening the group's fintech management and support activities. Through the operation of 'BNK Fintech Lab', which was opened in January 2020 to nurture the fintech industry ecosystem in the Southeast region, a total of 63 companies (9 in 1st, 20 in 2nd, 19 in 3rd, 14 in 4th) were selected until 2021 to provide specialized accelerating programs which helped to foster startups. 20 companies located in Busan completed the program, contributing to the development of the local fintech industry. In addition, the 'BNK Fintech Association' joined by seven of the group's subsidiaries was operated to challenge new digital businesses continuously. This is based on various businesses and technological partnerships with tenant companies of the BNK Fintech Lab. In November 2021, the 'BNK Fintech Lab Meet Up Day' was organized to hold online/offline meetings for BNK Fintech Association members, BNK Fintech Lab companies, and staff from each subsidiary. Through this, Busan Bank partnered with companies such as Big Tech Plus and Food Travel in 2021 and Cocoavision, Studio W.Baba, Flower Farm which graduated BNK Fintech Lab in 2022, with Kyongnam Bank collaborating with Big Tech Plus through 'BNK Fintech Lab Meetup Day'. Kyongnam Bank also joined the Korea Startup Forum as a special member for the sustainable growth of startups and development of the ecosystem; based on this, it aims at preemptively finding promising local startups and providing various lifestyle benefit services through partnership with startups.

Creating Synergy through Collaboration

The BNK Financial Group is expanding fields of applying fintech while pursuing win-win models with fintech companies by actively promoting strategic partnerships with various fintech companies. In line with the trends for loan comparison platform market and the activation of contactless loans, BNK Savings Bank has a total of 20 fintech partnerships in 2022, adding 11 partners including KakaoPay, NaverPay, and Fink to the existing 9 partners. The fintech partnership achieved 169.6 billion KRW, which accounts for about 70% of the total performance of 241.9 billion KRW in 2022. Also, BNK Savings Bank is pursuing exchanges on the overall loan system, such as credit evaluation and risk management, through business collaborations with online investment-linked financial institutions (Honest Fund and People Fund).

Socially Responsible Finance

Digital Finance

BNK Capital is actively expanding its contactless loan handling and attracting new customers from areas outside the Southeast region, including the metropolitan area, through ongoing strategic partnerships with financial platforms such as Naver Financial and Overtake (Pass). In addition, it has diversified its mutual cooperation system by signing a ‘Baemin Connect Business Cooperation MOU’ with Baemin. This launched a product for emergency loans dedicated to Baemin riders, offering financial products to platform workers who are financially marginalized. Furthermore, in October 2022, BNK Capital plans to provide differentiated customer services that combine auto finance and mobile platforms based on the ‘Business Agreement for Activating Auto Finance using Mobile Platforms’ signed with Finda, a Fintech company, which offers loan comparison services. Customers using the ‘Finda’ platform will be able to handle everything from recommending the best conditions among BNK Capital's auto products. It also provides real-time estimates and agreements, therefore, it is expected that there will be great improvement in customer convenience.

Status of Fintech Partners

Category	Fintech Partners
Busan Bank	Yanolja, Food Travel, Cocoavision, etc.
Kyongnam Bank	Big Tech Plus, Mammo6, etc.
BNK Capital	Baemin Connect, Habit Factory, etc.
BNK Savings Bank	Bank Mall, Honest Fund, etc.

Contactless Loans with Fintech Partnerships

Category	Performance
Busan Bank	319.4 billion KRW
Kyongnam Bank	829.6 billion KRW
BNK Capital	479.8 billion KRW
BNK Savings Bank	169.3 billion KRW

Digital-based Work Efficiency Improvement

The BNK Financial Group is promoting digital-based improvements of work efficiency in various aspects. A digital window system using tablet PCs and digital pens was implemented to handle work at the bank window without using paper. This enabled mitigating risks of information leaks, conserving resources, improving customer convenience, and shortening the work handling time.

Furthermore, it promotes the automation of simple labor by using robots. The application of RPA (Robotic Process Automation) system¹⁾ wherein a robot automatically handles simple and repetitive work, was expanded to the headquarters and branches. In 2022, we established a real-time monitoring system and organized an automation infrastructure primarily for our branches. We have automated 264 tasks, including bulk salary deposits and group loan extensions, saving a cumulative 181,000 work hours in 2022. In addition, Kyongnam Bank improved branch work efficiency through reforms to repetitive/manual work processes by constructing the OCR (Optical Character Recognition)²⁾ collateral reevaluation/review integrated management system for the first time in banking.

1) Technologies that automate repeated works carried out by people using computers with robot software
2) Videos of human-written or machine-printed characters are acquired with an image scanner and converted into characters that can be read by machines

INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

ESG MANAGEMENT

Environmental Finance

Environmental Management

Green Finance

Socially Responsible Finance

Digital Finance

Customer-centered Finance

Information Protection

Innovative Finance

Financial Inclusion

Win-Win Finance

Corporate Culture

Talent Development

Contribution to Local Community

Ethical Finance

Governance

Risk Management

Ethical Management

APPENDIX

- INTRODUCTION
- ESG STRATEGY & PROGRESS
- FOCUS AREA
- ESG MANAGEMENT
 - Environmental Finance
 - Environmental Management
 - Green Finance
 - Socially Responsible Finance
 - Digital Finance
 - Customer-centered Finance
 - Information Protection
 - Innovative Finance
 - Financial Inclusion
 - Win-Win Finance
 - Corporate Culture
 - Talent Development
 - Contribution to Local Community
 - Ethical Finance
 - Governance
 - Risk Management
 - Ethical Management
- APPENDIX



As the level of customers’ use of financial services has advanced, global financial companies are predicting customer needs in advance via various channels and applying them to a wide range of products and segmented services. The BNK Financial Group selects customer panels every year to reflect the opinions of consumers and experts in product development. Furthermore, the BNK Financial Group holds the protection of customers’ rights as its top priority and continuously strengthens its internal control standards for customer protection. Additionally, we are leading the way in reducing blind spots in finance by conducting various consumer financial education for the financially vulnerable population.

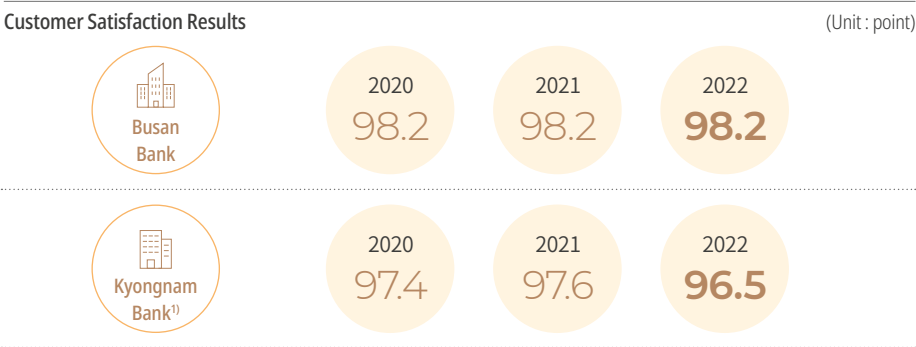
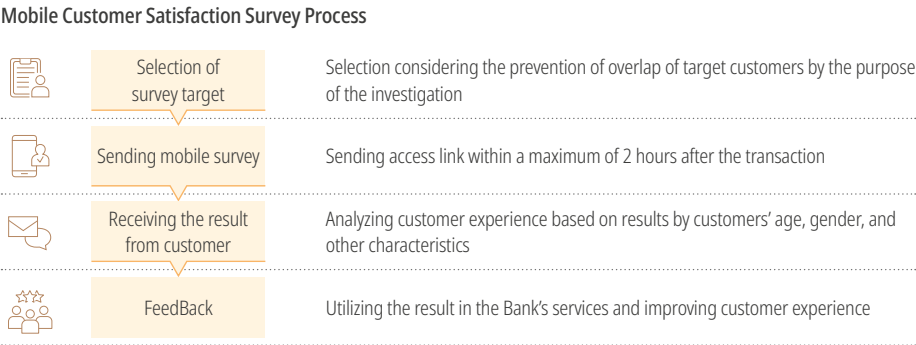
Expand the Customer-oriented Culture

Realizing Customer-oriented Services through Customer Experience Management

The BNK Financial Group is spreading the customer satisfaction culture and providing customer-oriented services through Customer Experience Management (CEM). Busan Bank conducts customer experience management evaluations based on customer’s path of visit to the branch, such as customer reception, guidance, and consultation expertise, by utilizing external organizations. In 2022, a total of six customer experience management evaluations were conducted, and the evaluation results are reflected in improving the branch services. Busan Bank has established a comprehensive mobile customer satisfaction system in 2022 to enhance customer convenience. We will collect customer experience data for each product and reflect this in our customer experience management system and services. In the future, we plan to expand the use of the integrated system, including customer satisfaction surveys for branch windows and mobile consultations, as well as product satisfaction surveys for new products.

Kyongnam Bank is conducting customer satisfaction surveys via phone and mobile for customers who visit its branches. The bank also carries out mobile customer satisfaction surveys for customers who have signed up for financial products via its mobile banking app, rapidly collecting any complaints or suggestions related to the app to reflect in system improvements. In addition, Kyongnam Bank is surveying product satisfaction targeting customers who have registered to new products within six months of their release. The satisfaction survey, conducted in a ‘Happy call’ format, collects quantitative data indicating customer satisfaction with the new products, and qualitative data of customers’ other opinions about products. The survey results are applied in new product development to enhance customer satisfaction. In addition, the BNK Financial Group collects customer complaints through various channels such as its website, financial consumer protection officer at branches, mail, and phone. All received complaints are handled within a maximum of 12 business days per case (within 3 business days for simple complaints). In 2022, the number of complaints received through channels such as the website, mail, phone, and visits were 650 for Busan Bank and 385 for Kyongnam Bank, and all complaints have been fully addressed.

1) 12 business days for Busan Bank and 14 business days for Kyongnam Bank



1) In 2022 Kyongnam Bank conducted both phone and mobile customer satisfaction surveys. As a result, the accuracy of CS evaluation for each branch increased by expanding the number of survey samples and the score deviation for each item.

Customer-centered Finance

Strengthening Communication with Customers

In December 2022, Busan Bank assigned dedicated employee to the Financial Consumer Protection Department whose main task is to improve customer experience (CX, Customer eXperience) in order to reflect consumers’ opinions to management more actively. In January 2023, the bank expanded the concept of its existing customer panel and recruited the ‘CX Explorers’ from ordinary customers for the purpose of discovering opportunities to build a positive Busan Bank brand through experiencing banking transactions and providing feedback and suggestions related to every steps of customer experience. CX Explorers submit their views on improving CX from a consumer perspective on both given monthly topics and free subjects. The Financial Consumer Protection Department discusses feasible suggestions at the ‘CX Association’, hosted by the Chief Customer Officer (CCO). At the CX Association held in March 2023, the heads of 12 main departments participated to discuss 22 CX improvement tasks proposed by the CX Explorers. Approximately 70% of these tasks, which corresponds to 16 projects, were accepted and will be improved.

Since 2016, Kyongnam Bank has been operating a customer panel system to listen to various opinions of customers and improve financial consumer protection and services. In April 2023, the bank recruited the 8th customer panel and held the first regular meeting to discuss topics such as support of financially vulnerable groups for mobile banking and elderly ATM services due to the increase in contactless financial transactions. From the customer’s perspective, we continuously seek what needs to be improved and supplemented with respect to financial products and services, and actively reflect various opinions to make improvements.

CASE ‘Seeking Genuine Customer’ Event

In March 2022, Kyongnam Bank conducted an event called “Seeking Genuine Customer”. The term ‘genuine customer’ denotes that customers expressing complaints are not simply disgruntled customers, but customers deserving genuine solutions. A total of 1,224 customers participated and provided a variety of opinions. The bank utilized eight of these opinions to initiate improvements in its system and five of these improvements were fully implemented as of the end of 2022. Kyongnam Bank is dedicated to put continuous efforts to improve customer satisfaction by actively receiving a diverse range of customer opinions, identifying various customer inconveniences, and driving improvements.



Enhancing the Capacities of Customer Contact Point Workers

The BNK Financial Group is concentrating on strengthening the CS capacities of employees in order to improve corporate competitiveness by enhancing customer satisfaction. We operate a qualification grade system such as CS Teller, CS Ace, and CS Master through the CS capability evaluation centered around the field practices, and select excellent branches and employees through the results of the CS evaluation conducted monthly, based on the data directly evaluated by the customers.

Not only that, the BNK Financial Group is providing various educational programs such as branch CS training in order to communicate with customers as financial service experts, who is possessing both sincerity and expertise, with the aim of improving branch services and enhancing more customer-centered mindset. Representative training programs include branch CS education based on customer voice (VOC), 1:1 coaching, and we are practicing customer-centered services by supporting various custom-made CS educations such as contactless CS education to prevent complaints, CS Angel Healing training, etc. according to the branch situation.

Furthermore, in order to spread the voluntary CS culture within the branch, Kyongnam Bank publishes ‘CS Magazine’, a CS and complaint prevention educational material once a month, and produced and distributed a CS guidebook holder to standardize customer service.

CS Improvement Training Performance

Training title	Busan Bank		Training title	Kyongnam Bank	
	Number of trainings	Number of participants		Number of trainings	Number of participants
Branch-visiting trainings	30	319	External lecturer-invitation trainings	1	70
1:1 in-depth interviews	12	120	Contactless trainings	13	1,203
Number of annual CS training	33	439	In-branch / in-person trainings	17	305

Busan Bank CS Qualification Status (Unit : people)

Qualification	Number of personnel
CS Teller	1,371
CS Ace	997
CS Master	282

Socially Responsible Finance


Customer-centered Finance

Customer Financial Education



The BNK Financial Group is operating various educational programs to enhance consumers' financial competence. Busan Bank is operating the 'BNK Busan Bank Financial Class' app to eliminate financial blind spots. The bank provides continuous financial education and customized video education services for the financially vulnerable groups, such as students in distant areas where on-site education is difficult, seniors, and the disabled. In addition, as part of the 'Metaverse Remote Education' aimed at fostering future talents in the local community and activating career education, 'Happy Finance/Career Camp' was held for middle school students. For high school students wishing to pursue careers in the financial sector, we provided programs such as the 'Dream Career Experience' and the 'Financial Product Development Using Short Form' to contribute to the establishment of youth's career outlook. In recognition of its contributions to providing various customized financial education, Busan Bank won the 'Chairman of the Financial Services Commission Award' at the '17th Kyunghyang Financial Education Awards.'

Kyongnam Bank is actively conducting financial career education including the 'One-Company-One-School Financial Education' to foster future financial talent and career education. In addition, the bank provided education on the latest financial market trends and understanding of the banking industry to college students in the Gyeongnam area who aspire to work in the financial sector. Moreover, the bank has provided financial education with topics such as ATM training and voice phishing prevention targeting seniors who are vulnerable to financial fraud. Furthermore, it is carrying out customized financial education for children exiting foster care, the disabled, and foreigners. Notably, the 'Financial Education Visiting Kindergartens - Play with Money' program by Kyongnam Bank won the Chairman's Award in the excellent financial program category at the Financial Competition 2022 hosted by the Financial Supervisory Service. Also, Kyongnam Bank has been certified as a career experience certification institution for educational donations by the Ministry of Education.

Mid- and Long-term Goals of Customer Financial Education

	Busan Bank			Kyongnam Bank		
	2023	2024	2025	2023	2024	2025
Number of education (times) 	180	210	240	180	210	240

2022 Financial Education Performance

		Busan Bank		Kyongnam Bank	
		Goal	Performance	Goal	Performance
Number of education (times) 		150	265	150	606
Number of participants 		5,000	11,299	3,000	18,005



Metaverse Financial Education



Financial Education Visiting Kindergartens

Socially Responsible Finance

Customer-centered Finance

Prevention of Incomplete Sales and Unfair Practices

Financial Consumer Protection Governance

The BNK Financial Group has established an internal control system for the protection of financial consumers and operates it independently from sales organization. Busan Bank and Kyongnam Bank have appointed a Chief Customer Officer (CCO) directly under the bank president to oversee the establishment and operation of the internal control system for financial consumer protection and to supervise the status of all employees' tasks related to financial consumer protection. Also, a Financial Consumer Protection Internal Control Committee, composed of key executives, is convened at least once every half a year to report and decide on major issues related to the internal control for financial consumer protection. The results of the committee's operations are finally reported to the board of directors, allowing them to review risks related to violations of consumers' rights and various protection policies.

In addition, Busan Bank and Kyongnam Bank have established a Financial Consumer Protection Department as an independent department directly under the bank president, and they run a Financial Consumer Protection Internal Control Inspection Team to monitor compliance with financial consumer protection laws, internal control standards, and consumer protection standards. The Financial Consumer Protection Department conducts checklist inspections on branches and sales-related headquarters departments, and the inspection results are reported to the bank president and the Financial Consumer Protection Internal Control Committee. Kyongnam Bank operates a Non-Deposit Product Committee, comprised of the CCO and key executives, as a main committee for financial consumer protection, to prevent consumer damage from investment products. The Non-Deposit Product Committee discusses the risk level of new investment products and decides whether to ultimately sell them.

Moreover, the CCO and the department in charge of consumer protection of BNK Capital proactively pushed for institutional improvements through customer satisfaction surveys conducted in January 2022 and customer feedback. Out of 96 requests for improvement from financial consumers chosen, improvement requests were made to the field department and 81 of those were completed. The results of these activities were reported to the Financial Consumers Internal Control Committee, and the annual operating performance is reported to the board of directors once a year.

Financial Consumer Protection Internal Control Committee Agenda

1. Management direction on financial consumer protection
2. Major changes in system related to financial consumer protection
3. Matters on the development, sales method, and disclosure of information related to financial products
4. Evaluation of employee performance reward system from the perspective of financial consumer protection
5. Results of examination and measures on the adequacy and compliance status of these regulations and "Financial Consumer Protection Regulations"
6. Matters on follow-up measures for the evaluation, supervision, and inspection results according to Article 32, Paragraph 2 of the Act on the Protection of Financial Consumers
7. Result on responses to major complaints and disputes
8. Standards and procedures for advertisement production and internal review of advertisement
9. Review of new or amended financial product contract documents such as product descriptions
10. Necessary discussions between the overall organization for financial consumer protection and related departments such as financial product development, sales, and post-management.

Results of Improvement Measures for the Protection of Financial Consumer Rights

Category	Busan Bank	Kyongnam Bank
Number of improvements	14	21
Improvement completed	12	19
Improvement in progress	0	2
Impossible to accept	2	0

INTRODUCTION
ESG STRATEGY & PROGRESS
FOCUS AREA
ESG MANAGEMENT
Environmental Finance
Environmental Management
Green Finance
Socially Responsible Finance
Digital Finance
Customer-centered Finance
Information Protection
Innovative Finance
Financial Inclusion
Win-Win Finance
Corporate Culture
Talent Development
Contribution to Local Community
Ethical Finance
Governance
Risk Management
Ethical Management
APPENDIX

Socially Responsible Finance

Customer-centered Finance

Financial Consumer Protection Policies

The BNK Financial Group, in accordance with the implementation of the Financial Consumers Protection Law, has reflected compliance matters related to the ‘Act on the Protection of Financial Consumers’ in the internal regulations of the BNK Financial Group and its subsidiaries. By establishing internal control standards for the bank, compliance matters related to operations, and all other matters for the protection of financial consumer rights in accordance with the ‘Internal Control Regulations on Financial Consumer Protection’, we have strengthened our activities for internal control. Employees of the BNK Financial Group have recognized that the protection of financial consumers is the highest value through our resolve to practice the ‘Act on the Protection of Financial Consumers’ and shared their commitment to providing the highest level of service for financial consumer satisfaction.

Our Resolve for Abiding by the ‘Act on the Protection of Financial Consumers’

All employees at the BNK Financial Group recognize that protecting financial consumers is the highest value with the enactment of the ‘Act on the Protection of Financial Consumers,’ and we declare the following to provide the best services that satisfy financial consumers:

- 1) In providing financial products and services, we will thoroughly comply with the ‘Act on the Protection of Financial Consumers.’
- 2) In developing and selling financial products, we will place the highest value on the protection of the rights and interests of financial consumers.
- 3) We will construct a preemptive system for preventing the damages of financial consumers and provide prompt relief.
- 4) We will take the lead in various projects to fulfill the social responsibilities of finance.

April 1, 2021

Strengthening Employees’ Competence to Protect the Rights and Interests of Financial Consumers

The BNK Financial Group is conducting education on the protection of financial consumers and job training to strengthen the capabilities of all employees in protecting financial consumers. The mandatory job training, which consists of product training covering the main contents and precautions when handling tasks per product. It also covers a basic course on the Act on the Protection of Financial Consumers and internal controls for the protection of financial consumers, is conducted through its internal e-learning platform, e-CAMPUS. Busan Bank and Kyongnam Bank operate a Financial Product Sale Qualification System that only gives financial product sales qualifications to employees who have completed mandatory job training. Sales of products are restricted according to whether qualifications are held. Furthermore, investment and guaranteed products can only be sold if external sales qualifications are acquired and separate individual training on the product must be completed when launching new products.

Busan Bank implemented an integrated consulting system for financial consumer protection with an aim to improve areas of weakness, and evaluated the quarterly achievement level of all branches for a total of five items: Monitoring results of new financial investment product sales, complaints occurrence status, CS evaluation scores, mystery shopping results, and voice phishing prevention cases. The bottom 10 branches from the results were visited by a CCO and employees from the Financial Consumer Protection Department for consultations. Resulting from these efforts, Busan Bank was awarded an ‘Outstanding’ rating in the 2022 Korean Consumer Protection Index (KCPI) selected by the Korea Management Association Consultants, based on consumer protection experience and actual condition, ranking first among local banks.

In addition, in July 2022, BNK Capital appointed 45 branch managers to perform pivotal roles for financial consumer protection, who are performing on-the-job training, inspections, and gathering of internal opinion.

Preventive Activities for Incomplete Sales

| Investment Product Selection and Follow-up Management | Prior to developing and launching new products, the BNK Financial Group systematically conducts a preliminary consultation stage for reviewing the possibility of consumer damages and incomplete sales of products.

The Product Departments of Busan Bank and Kyongnam Bank perform primary checks for the prevention of consumer damage and financial consumer protection based on the checklist related to product and service development. Then, a preliminary consultation with the Financial Consumer Protection Department is requested. The Financial Consumer Protection Department presents opinions such as approval, disapproval, and conditional approval after reviewing the appropriateness from the perspective of financial consumer protection in accordance with the checklist. In particular, for non-deposit products that have the potential for loss on financial products, the appropriateness is reviewed in advance by the ‘Non-Deposit Product Committee’, an executive-level committee, and ‘Non-Deposit Product Consultative Body’, a department-level committee, based on the risk level of the product. After the launch, they receive reports on follow-up management monitoring.

INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

ESG MANAGEMENT

Environmental Finance

Environmental Management
Green Finance

Socially Responsible Finance

Digital Finance
Customer-centered Finance
Information Protection
Innovative Finance
Financial Inclusion
Win-Win Finance
Corporate Culture
Talent Development
Contribution to Local Community

Ethical Finance

Governance
Risk Management
Ethical Management

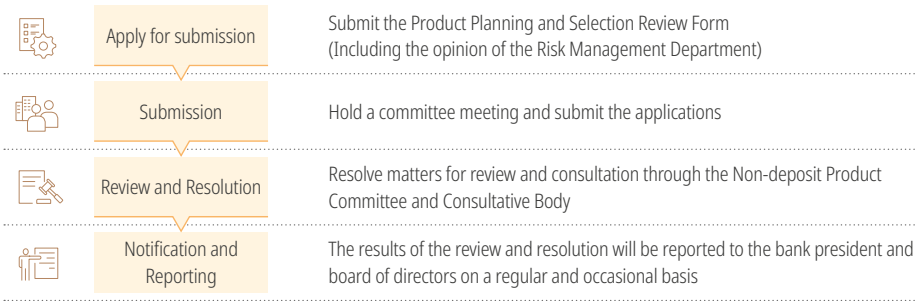
APPENDIX

Customer-centered Finance

The financial consumer protection CCO (Chief Customer Officer), the compliance monitor and the general manager of risk management are compulsory attendees of the ‘Non-Deposit Product Consultative Body,’ and specifically, the CCO holds the authority to exercise a unilateral veto concerning product selection.

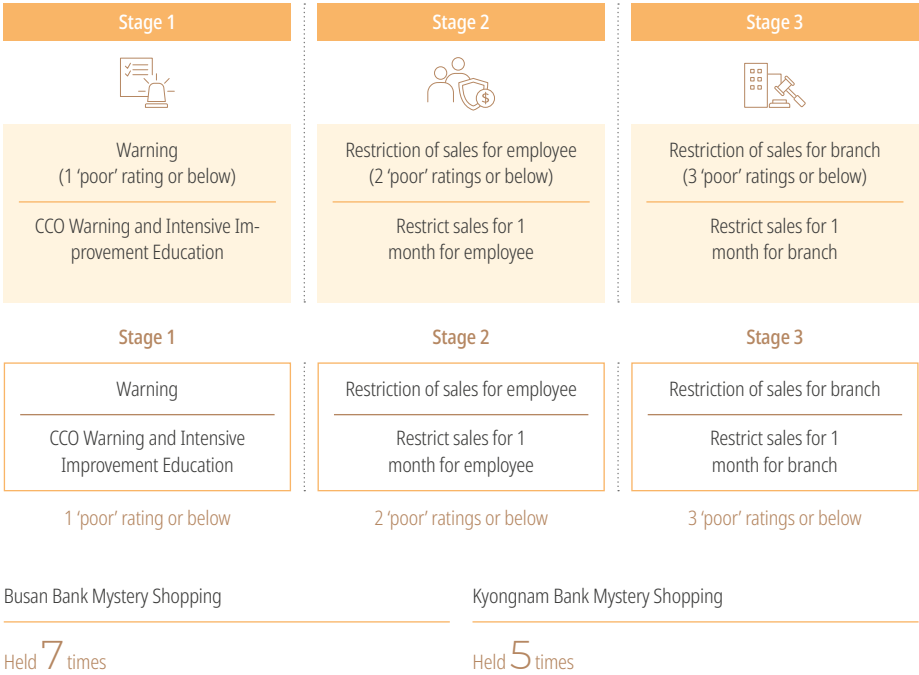
BNK Capital has also activated preliminary consultations for the financial consumer protection, conducting a total of 203 preliminary consultations. This includes 105 cases of financial product development, change, sales suspension, and 36 cases of form production and change such as product information sheets. Additionally, we have distributed a checklist that enables registration and forbidden actions, as well as obligatory notifications of brokers, to be verified for self-inspections by sales agents and intermediaries.

Review Procedure for Non-Deposit Products



| Self-Mystery Shopping | Busan Bank and Kyongnam Bank are performing self-mystery shopping. The purpose is to inspect the overall process including implementation of the six main sales rules of the ‘Act on the Protection of Financial Consumers’ for sales of financial investment products in order to prevent incomplete sales and unfair trading activities at its branches. When the result of mystery shopping assessment is lower than 70 points, it is judged as ‘Poor’ and improvement education is conducted. When the number of ‘Poor’ ratings in assessments is accrued, sales are gradually restricted for the branch and employees. We conduct a total of 12 self-mystery shopping for a variety of products such as beneficiary securities, bancassurance, loans, and trusts, and achieved results corresponding to one ‘Good’ rating and eleven ‘Excellent’ ratings.

Mystery Shopping Results for ‘Poor’ or Below



Debt Collection Policy and Debt Adjustment System

The BNK Financial Group has established relevant principles and systems for the fair debt collection activities and the protection of debtors and related parties. Kyongnam Bank performs the debt collection procedure based on its policy, and implements internal controls to prevent illegal or fraudulent activities and unnecessary disputes. Additionally, the internal control officer of the relevant branch performs an annual education on compliance with the related laws and regulations for employees. Furthermore, Kyongnam Bank is regularly conducting education on the ‘Guideline for Bond Collection and Sale of Loan Receivables’ of the Financial Services Commission. BNK Savings Bank is also proceeding with debt collection procedures in accordance with the same guidelines. Moreover, Kyongnam Bank and BNK Savings Bank are operating internal and external debt adjustment systems to support customers facing financial difficulties

INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

ESG MANAGEMENT

Environmental Finance

Environmental Management

Green Finance

Socially Responsible Finance

Digital Finance

Customer-centered Finance

Information Protection

Innovative Finance

Financial Inclusion

Win-Win Finance

Corporate Culture

Talent Development

Contribution to Local Community

Ethical Finance

Governance

Risk Management

Ethical Management

APPENDIX



The BNK Financial Group is reinforcing information security risk management in accordance with four information security promotion strategies: strengthening information security risk management, strengthening customer personal information protection, upgrading electronic financial fraud prevention systems, and strengthening IT business security review. In addition, we are strengthening digital security and preventing leakage of personal information through systematic operation of the information protection system.

Strengthen Information Security

Information Protection Strategy

The BNK Financial Group aims to have zero cyber hacking and information leak incidents. For this, we are conducting various anti-hacking trainings to perform vulnerability analysis of electronic finance infrastructure to prevent cyber attacks. Additionally, we are expanding prevention for in-person electronic finance fraud transactions to proactively respond to rapid increase in financial fraud. We have established protection measures for safe electronic financial transactions, and are conducting follow-up reviews for maintaining domestic and foreign security certifications while improving the security system for digital services. In 2022, we have made efforts to advance the operational aspects of the Information Technology sector, such as the maintaining the security system, strengthening business support, and optimizing IT tasks and support management through group synergy. The BNK Financial Group will continuously secure budgets related to information protection for the sake of financial security and will foster security experts to protect the internal system and customer information from internal and external attacks.

Information Security Strategy

<div>Intrusion Response Through Quantitative Risk Management</div> <div></div> <div><ul style="list-style-type: none">- Achieve zero cyber hacking and information leaks- Automate the security inspection procedures for the IT-related Projects- Conduct an anti-hacking training</div>	<div>Expand in-person Electronic Financial Fraud Prevention</div> <div></div> <div><ul style="list-style-type: none">- Implement the detection and prevention service for malicious apps and identity fraud- Enhance the monitoring system to prevent voice phishing damages- Establish a coordination system with an external institute</div>
<div>Enhance security awareness through the strengthening of internal controls</div> <div></div> <div><ul style="list-style-type: none">- Establish a portal site of information protection for employees- Prevent financial accidents by introducing personalized authentication methods- Re-establish the security inspection system for Work PCs</div>	<div>Improve internal control over credit information management</div> <div></div> <div><ul style="list-style-type: none">- Clarify the scope of responsibility for the credit information management- Enhance the capacity for inspection of credit information- Enhance the education and supplement the information protection specialist</div>

Information Protection

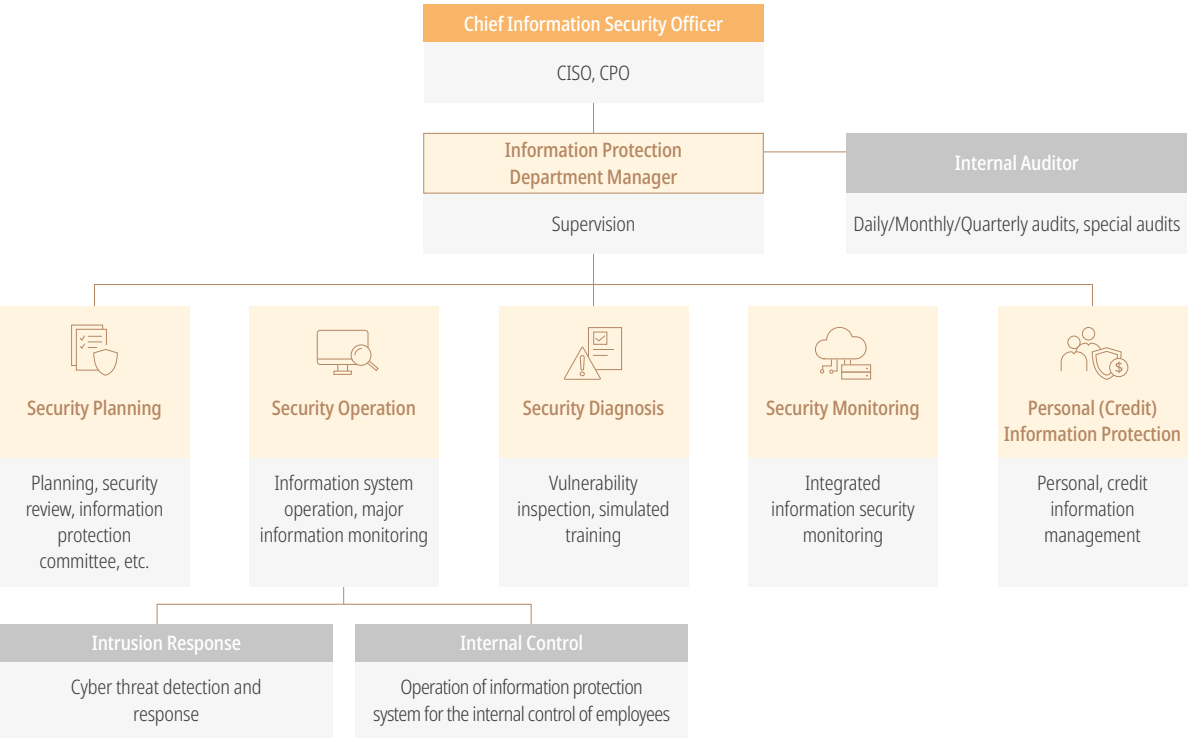
Information Security Promotion System

The BNK Financial Group appointed a qualified person with education or technical skills in the field of information protection or information technology (IT) as a CISO (Chief Information Security Officer), in charge of overseeing information security, in accordance with the Electronic Financial Transactions Act and its Enforcement Decree.¹⁾ The Information Protection Department was established directly under the CEO to carry out operations in information protection and personal credit information such as security planning, security operation, security monitoring, vulnerabilities, etc. In 2023, Busan Bank and Kyongnam Bank established an organization dedicated to personal credit information protection (Personal Credit Information Team) to strengthen the customer information protection system.

The Board of Directors of the BNK Financial Group annually receives reports on the results of inspections regarding the management of personal credit information within the Group, as well as the results of risk related to information security and actions. To support major decision-making related to information protection, we operate an Information Protection Committee comprised of seven members, including department heads in charge of information protection security, computer operations and development, and legal compliance, centered on the CISO (Chief Information Security Officer). The Information Protection Committee establishes regulations and guidelines for information protection and customer information protection, and supports timely decisions on related key issues. Moreover, it establishes an information technology plan including information protection every year, and the related contents are reported to the Financial Services Commission after review and decision by the Information Protection Committee and approval by the CEO. Furthermore, Busan Bank has a proportion of the information protection budget of 9.6% against the total IT budget, and Kyongnam Bank has reached 7.1% (based on the budget execution at the end of 2022). We plan to continue our efforts to enhance our information protection capabilities through sustainable investment.

1) In the case of the BNK Financial Group, as it does not meet the criteria for financial companies subject to appointment of CISO under the Electronic Financial Transactions Act and its enforcement regulations, the head of the IT planning department, who is not an executive but in charge of overall information protection, holds an additional position of CISO (Chief Information Security Officer).

Information Security Organization Chart



INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

ESG MANAGEMENT

Environmental Finance

Environmental Management

Green Finance

Socially Responsible Finance

Digital Finance

Customer-centered Finance

Information Protection

Innovative Finance

Financial Inclusion

Win-Win Finance

Corporate Culture

Talent Development

Contribution to Local Community

Ethical Finance

Governance

Risk Management

Ethical Management

APPENDIX

Information Protection

Information Protection Risk Management

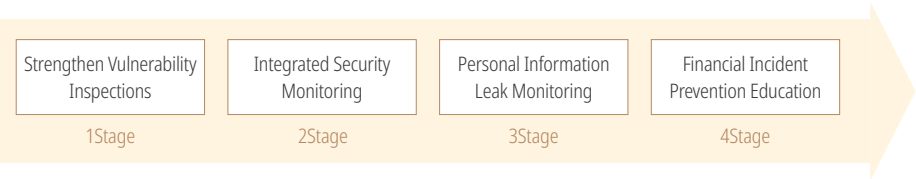
The BNK Financial Group prepares information protection crisis management to prevent information protection issues so that information protection cases or incidents do not spread into a. For the stable operation of electronic financial services, we are strengthening the vulnerability inspection process for information assets and preemptively responding to internal and external threats to maintain stable operation of electronic financial services

We operate a 24-hour security control center based on a big data integrated security control system to effectively defend against a targeted attack such as ransomware. We are also continuously monitoring on cyber threats such as DDoS attacks that disable website or network operations. In preparation for security incidents, company-wide breach response contingency plans are established and operated, and prompt responses and measures are taken according to external threats and crisis alert situations. In particular, to respond to large-scale DDoS attacks, we operate a cloud DDoS shelter in cooperation with the Financial Security Institute and have the best defense system in the financial sector.

Busan Bank has established a risk management system to respond to security threats, ensuring information protection management occurs from a risk perspective instead of solely focusing on technical aspects such as vulnerability analysis and evaluation. Particularly, we conduct real-time risk assessment on electronic financial service information assets, rate the risk level, and if the calculated risk score is higher than the Degree of Acceptance (DoA), we immediately remove and adjust the risk to manage it. The risk score is determined for each information asset, ranging from a minimum of 5 points to a maximum of 59 points. The current DoA is set at 31 points, with a plan to continue to reduce it in the future to decrease the bank's risk.

Kyongnam Bank annually addresses risks identified through vulnerability inspections and risk analysis assessment on information assets and information protection management systems, and establishes protective measures and continues to perform risk management activities in order to consistently reduce high risk. In addition, Kyongnam Bank conducts DDoS and server hacking simulation training once a year, malicious email response training for employees twice a year, and IT emergency response training and disaster recovery system transition training led by the IT Planning Department. Furthermore, we have defined infringement incidents and information leakage instances, as well as correspondent standards and procedures for each type, in the form of guidelines, and have established and operate an emergency plan against electronic infringement. After risk assessment and actions performed in 2022, the high-risk ratio for assets in 2023 decreased by approximately 50%, enabling the verification of the efficacy of risk assessment related to information security and personal data protection.

Information Protection Incident Prevention



Inspection and Certification of Information Security System

Busan Bank, Kyongnam Bank, and BNK System maintain the domestic ISMS (Information Security Management System) certification and they are strengthening the information protection system operation and information security through annual follow-up reviews and renewal of the certification every three years. Furthermore, Busan Bank has maintained the international standard ISO 27001 since 2003.

Busan Bank conducts external security incident response drills annually, such as vulnerability analysis and evaluation, simulated hacking for the IT center for operating electronic financial services, electronic financial infrastructure, and public websites.

Kyongnam Bank inspects information protection systems through the Financial Security Institute and information protection specialist service companies, which are designated professional institutions under the Act on the Information Security Industry Promotion. The bank conducts these inspections twice a year for its website and once a year for its electronic finance infrastructure.

BNK Systems is also conducting vulnerability analysis and evaluation at least once a year for the protection of its key internal information assets, as well as for its public web services, management systems, and infrastructure facilities. Furthermore, every year, we identify risks through the results of vulnerability analysis and assessment, and establish a risk management plan. We constantly check whether the measures have been taken completely, thereby managing risks by reducing the level of risk.



Information Protection

Strengthen the Protection of Customers' Personal Information

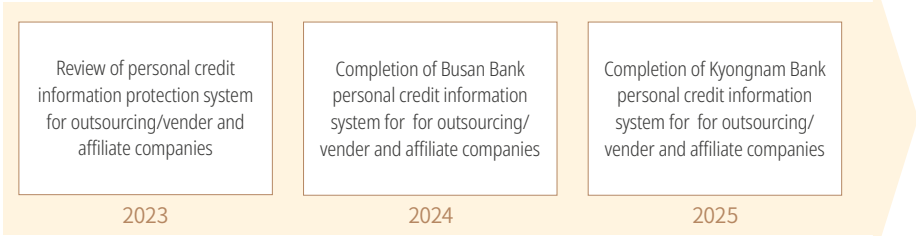
Personal Information Management

The BNK Financial Group operates an information protection management system for stable customer personal information management and protection based on relevant laws and regulations such as the 'Electronic Financial Transactions Act' and the 'Credit Information Use and Protection Act' throughout the entire group. In accordance with Article 18 of the Customer Information Provision and Management Regulations, we report the status of customer information sharing among affiliates to the board of directors once per quarter. The performance result for 2022 is Grade 1, and we will respond more actively to information security risk management in the future.

In addition, monthly information security checks are conducted on employees and reported to the CEO. Since 2023, we have established an information protection portal to strengthen internal control by daily checking abnormal behaviors such as excessive inquiry of personal credit information, suspected leaks, and unmasking of outputs targeting executives and employees. For executives and employees who frequently commit abnormal acts, we are raising awareness of security through constant attention and accurate guidance and training on related laws and regulations.

Additionally, we operate a system to manage the process of collection, use, provision, storage, and destruction of personal information. We prevent external leakage and unauthorized access by granting minimum access rights to customers' personal and credit information, and conduct activities to diagnose and improve security vulnerabilities related to access to personal and credit information. We regularly conduct personal information management training for all employees to raise awareness of information protection. We operate mandatory courses such as personal information handlers and pseudonymous/anonymous information training, and we plan to conduct training for consignee employees such as customer centers and process innovation departments.

Goal of Personal Information Protection Management



Easy-to-read Privacy Policy

The BNK Financial Group is managing the customer personal and credit information in accordance with the privacy policy. According to the 'Comprehensible Personal Information Processing Agreement Guide' guidelines of the Personal Information Protection Commission, we have added a labeling version of the 'Comprehensible Privacy Policy' on our website to enhance its accessibility and readability.

BNK Financial Group is securely managing personal information

Use Provision Delete Protection

How is personal information used?
All personal information being processed is collected and retained based on relevant laws or with the consent of the information subject, and it is being handled for purposes such as internal management, and product and service development.

Is personal information provided to third parties?
We only provide personal information to third parties in cases where the customer consents or where specific provisions of separate laws apply. We are managing and supervising compliance with laws related to the personal information protection when consigning personal information processing.

How is the destruction of personal information carried out?
The personal information, whose period of retention has elapsed or where the purpose of processing has been achieved, is promptly and securely deleted. However, information that needs to be retained for a certain period in accordance with other laws will be stored separately.

How are the rights, obligations and exercises of the user handled?
The customer has the right to read, modify, delete, request the suspension, or withdraw consent of their personal information at any time. These rights can also be exercised through a legal guardian (in the case of a child under the age of 14 years).

Information Protection

Strengthening the Financial Incident Prevention System

Advancement of Electronic Financial Fraud Prevention System

The BNK Financial Group has established and is operating a monitoring system to prevent electronic financial fraud such as voice phishing and damage to customers. We have established a Voice Phishing Damage Prevention Integrated Monitoring System to combat the continually increasing voice phishing in advance. This system uses big data to identify the financial transaction patterns and cash flows of customers in real time; any electronic financial transaction judged to be an electronic finance fraud is automatically blocked.

Busan Bank and Kyongnam Bank plan to establish a service for the detection of malicious apps and identity theft prevention in the second half of 2023, in relation to the measures in the telecommunications finance sector for the eradication of voice phishing crimes by the Financial Services Commission. Through this, we aim to detect any malicious apps installed on the customer's mobile device for the purpose of financial theft in advance, in order to prevent any further harm to the client at the source.

BNK Capital is making various efforts to prevent damage from voice phishing, which is a typical type of financial fraud. We have improved the system to allow the installation of Fake Finder, which detects malicious apps, as an In-App function instead of the previous external app installation method. Additionally, we have further strengthened our prevention measures against financial fraud by implementing a remote control app detection solution. In addition, we promptly send out notices to prevent voice phishing scams after loan execution, and regularly send out preventive alert messages reflecting changing face-to-face voice phishing types to existing customers twice to three times per month. As a result, the number of voice phishing incidents decreased by 112 cases, equivalent to 32.3%, from 347 cases in 2021 to 235 cases in 2022.

Electronic Financial Fraud Prevention Education and Activities

The BNK Financial Group conducts preemptive preventive education for employees and customers to prevent electronic finance fraud. Busan Bank has implemented various systems targeting branch employees to prevent voice phishing incidents that may occur at branches. We have implemented a hotline function in our internal messenger system through the 'Voice Phishing Siren System', which allows branch employees to immediately request assistance from the headquarters department when they detect a suspicious situation. Moreover, we operate a reward system for sales offices and employees for the prevention of damage, enabling sales office personnel to actively respond to transactions where damage is suspected, thereby contributing to the protection of consumer rights. We are also operating a system that grants additional performance evaluation points to branches that excel in preventing voice phishing damage, and provides benefits such as commendation points or internal welfare points to relevant employees. In addition, we are regularly sending customized damage prevention guidance messages to the voice phishing-vulnerable population so that consumers can be preemptively aware of voice phishing.

Kyongnam Bank is implementing voice phishing prevention activities through a range of channels such as mobile banking apps, YouTube, Instagram, and press release postings. Kyongnam Bank TV 'Useful Financial Information to Know' and the YouTube channel 'NiNi Sister' have posted educational videos on prevention of voice phishing and smishing, and the Instagram account has posted webtoons containing content on voice phishing cases, prevention methods, and tips on how to deal with damage. Moreover, in order to enhance accessibility, a new consumer protection and voice phishing menu has been established within the mobile banking app. Additionally, for the electronic financial fraud prevention, promotional bookstands and guidebooks have been produced and distributed to all our branches and visiting customers. For voice phishing prevention education, we signed the 'financial education support agreement for children aging out of foster care' and provided training on cases of voice phishing, prevention methods, and how to deal with financial damage. We have implemented 18 sessions of face-to-face education and conducted a total of 606 mandatory voice phishing prevention training sessions per each company and division. Also, 12 employees of Kyongnam Bank have been awarded certificates of appreciation from the police station for their contributions in preventing voice phishing through consultations with financial consumers at the branch offices.

Information Protection Training Performance of Busan Bank

Type	Number of trainee	Training time
Executives	20	3
Employees	2,966	6
Information Technology Officer	142	9
Information Security Officer	11	12
Total	3,139	

Information Protection Training Performance of Kyongnam Bank

Type	Number of trainee	Training time
Executives	20	3
Employees	1,935	6
Information Technology Officer	119	9
Information Security Officer	11	12
Total	2,064	

- INTRODUCTION
- ESG STRATEGY & PROGRESS
- FOCUS AREA
- ESG MANAGEMENT
 - Environmental Finance
 - Environmental Management
 - Green Finance
 - Socially Responsible Finance
 - Digital Finance
 - Customer-centered Finance
 - Information Protection
 - Innovative Finance
 - Financial Inclusion
 - Win-Win Finance
 - Corporate Culture
 - Talent Development
 - Contribution to Local Community
 - Ethical Finance
 - Governance
 - Risk Management
 - Ethical Management
- APPENDIX



The BNK Financial Group is strengthening its financial support for innovative companies that lead innovative growth to enhance the sustainability of the group. We aim to achieve mutual growth with the local community by supporting local ventures and startups and providing financial support for core regional industries. We also aim to take the lead in the role of financial institutions that lead the Fourth Industrial Revolution by expanding financial support for companies with outstanding technologies.

Financial Support Specialized for Innovative Companies

Busan Bank and Kyongnam Bank provide 'Special Preferential Loan for Technology Finance' and 'Secured Loan for Intellectual Property' to offer financial support for innovative companies with outstanding technologies. In addition, Busan Bank dealt with 10 billion KRW worth of 'Special Technology loan' in 2022. It was also the first bank to conduct pilot summary evaluations of IP value assessments. Kyongnam Bank provides a special guarantee loan for the mutual growth cooperation within the Kyongnam shipbuilding industry. In 2022, Kyongnam Bank handled 914.6 billion KRW in 'Synergy Plus Loan' special loans, and 3.2 billion KRW in movable asset collateral loans.

Finding and Supporting Venture Companies and Startups

The BNK Financial Group is expanding investments for 90 local venture companies and contributing to invigorating the local economy by finding and fostering startups. Busan Bank provides customized financial and non-financial services for each stage from establishment to growth for startups based on 'Sum Incubator,' the first startup center opened among provincial banks. In particular, for companies possessing outstanding technologies among 'Sum Incubator' tenant companies, investments were promoted by linking with subsidiaries and outside investment companies such as BNK Venture Capital. Moreover, customized nurturing programs for each stage such as preferred loan limits, preferred interest rates, and management consulting, etc. are being supported actively.

In 2022, we operated the 'Major-Star Collabo Booster Program' in collaboration with the Busan Office of SMEs and Busan Economic Promotion Agency. Through the discovery of collaboration examples and matching support of partners among large and medium-sized businesses, public institutions, SMEs, and startups, we have contributed to the spread of a culture of mutual prosperity. Furthermore, based on the 'Business Agreement for the Establishment of Local Entrepreneurship Ecosystem' concluded with Busan City and the Banks Foundation for Young Entrepreneurs in April 2022, we have launched and officially begun operating 'D.Camp Startup Lounge', a local startup hub space, at the Busan Eurasia Platform. In May 2023, Kyongnam Bank concluded the 'Activation of Kyongnam Startup Ecosystem' with Gyeongsangnamdo to expand cooperation in fostering promising local startups and SMEs. In addition, by actively supporting local startup festivals, job fairs, purchasing meetings, etc., we are providing opportunities to vitalize the local economy by promoting local SMEs.



Opening Ceremony of D.Camp Startup Lounge

Socially Responsible Finance

Innovative Finance

Support for Mutual Growth with Local Core Industries

As a partner for industrial growth that is the backbone of the local economy, the BNK Financial Group operates a variety of financial support programs.

Busan Bank concluded mutual growth financial support agreements with the Korea Shipping Association and the Korea Ocean Business Corporation for the development of the maritime industry, which is the foundation of the local economy. Furthermore, we signed the 'Busan Shipbuilding Materials Emergency Funding Support Coexistence Cooperation MOU' to provide financial support to local shipbuilding and maritime materials companies and vendors of Daewoo Shipbuilding & Marine Engineering, which have been experiencing difficulties due to the slow economy. Kyongnam Bank also provided financial support to shipbuilding and marine materials vendors through the 'Gyeongsangnamdo Shipbuilding Coexistence Cooperation Special Funding MOU' together with Gyeongsangnam-do and Daewoo Shipbuilding & Marine Engineering. Through the 'Gyeongsangnamdo Shipbuilding Coexistence Cooperation Special Funding', we provided guarantee loans of up to 800 million KRW to SMEs engaged in the shipbuilding materials industry, and achieved a performance of 700 million KRW in 2022.

Additionally, Kyongnam Bank plans to provide a financial support of a total of 100 billion KRW for the development of the nuclear power industry, based on the 'Nuclear Enterprise Rapid Support Alliance MOU' concluded with Gyeongsangnamdo and Changwon City. Through this, it offers practical financial benefits such as preferred interest rates for local nuclear power SMEs facing difficulties due to the tough business environment.

Facility Investment Support for SMEs

BNK Capital is providing financial support for the enhancement of machinery or outdated processes have a high risk of accidents and fatalities at SMEs, through the safe investment innovation projects hosted by the Korea Occupational Safety & Health Agency. In 2022, we provided a total of 11.3 billion KRW for facility investment support to 121 outstanding SMEs, and through participating in the safe investment innovation projects, we have granted a total of 4.3 billion KRW for facility investment to 28 firms with outdated facilities.

BNK Capital SMEs Facility Investment Support				
Type	Year	Supported Cases	Supported Amount	
Facility Investment for outstanding SMEs	2021	81	12.9 billion KRW	
	2022	121	11.3 billion KRW	
Safe investment innovation projects	2021	38	5.9 billion KRW	
	2022	28	4.3 billion KRW	

Expansion of Investments in Technology Financing and Movable Assets Finance

The BNK Financial Group is increasing financial support for innovative SMEs and supply of Technology Financing to focus on activating movable assets.

Busan Bank expanded its investments based on technology credit loans and technology evaluations, ranking first among small-sized banks in Technology Financing performance evaluations (TECH evaluation) in the first half of 2022. In addition, special loans for SMEs to expand support for innovation finance stood at 1.5 trillion KRW, 2 trillion KRW and 500 billion KRW in 2021, 2022 and 2023, respectively, and support is being increased continuously for SMEs. Kyongnam Bank also expanded the supply scale of its technological finance targeted towards companies operating within the Technological Industrial Complex of southeastern Korea, and has established a search system for Gyeongnam and Ulsan technology companies based on Big Data. It was recognized for its achievements in Technology Financing investment through the combination of technological credit assessments and credit rating models were recognized, ranking 5th in Technology Financing performance evaluations (TECH evaluation) for the first half of 2022.

In addition to expanding technology finance, the BNK Financial Group has strengthened the security of movable asset collateral loans by reducing the manpower and workload for collateral management through the construction of an Internet of Things (IoT) based movable asset collateral loan management system. Based on this, we are expanding secured movable asset collateral loans. In 2022, Busan Bank handled 2.2 billion KRW, and Kyongnam Bank handled 3.2 billion KRW in movable asset collateral loans.

INTRODUCTION
ESG STRATEGY & PROGRESS
FOCUS AREA
ESG MANAGEMENT
Environmental Finance
Environmental Management
Green Finance
Socially Responsible Finance
Digital Finance
Customer-centered Finance
Information Protection
Innovative Finance
Financial Inclusion
Win-Win Finance
Corporate Culture
Talent Development
Contribution to Local Community
Ethical Finance
Governance
Risk Management
Ethical Management
APPENDIX

INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

ESG MANAGEMENT

Environmental Finance

Environmental Management

Green Finance

Socially Responsible Finance

Digital Finance

Customer-centered Finance

Information Protection

Innovative Finance

Financial Inclusion

Win-Win Finance

Corporate Culture

Talent Development

Contribution to Local Community

Ethical Finance

Governance

Risk Management

Ethical Management

APPENDIX

Financial Inclusion



As a representative financial institution in the southeastern region, the BNK Financial Group is taking the lead in revitalizing the local economy and improving financial accessibility for the financially vulnerable to fulfill its social responsibilities. To this end, we are providing a variety of inclusive financial products and services centered on the southeast region. We are offering customized programs covering both financial and non-financial areas for lower income brackets, small businesses, social enterprises, and multicultural families; thus contributing to easing the financial burdens of lower-income families and stabilizing the working class economy.

Promoting Financial Inclusion

The BNK Financial Group organized a department exclusively in charge of financial inclusion centering on the financial consumer protection department in 2020 and enacted the group's 'financial inclusion work manual.' In 2022, the 'Group Inclusive Finance Business Manual' was revised in May 2022 to reflect the Financial Supervisory Service's work plan and to implement the measures of the executive meeting for group inclusive finance and financial consumer protection. Subsidiaries also revised and reflected internal regulations accordingly.

The BNK Financial Group is continuously improving its system to promote inclusive finance, and annually sets clear directions for inclusive finance according to the business plan of the Financial Supervisory Service. In the future, financial products for the financially vulnerable and physical support financial funds that can contribute to the region and society will be further expanded. Through this, we will continue to develop customer-centered finance that can be appreciated by the financially vulnerable group.

Financial Inclusion Vision



Financial Inclusion

Overcoming Crisis Together Project

In 2022, the BNK Financial Group launched the ‘Overcoming Crisis Together Project’ to support the financially underprivileged group including small business owners, low-income households, the youth who are suffering from rising interest rates and inflation for the next three years. This mutual growth project worth 14,720.5 billion KRW is jointly participated by four affiliates, Busan Bank, Kyongnam Bank, BNK Capital, and BNK Savings Bank, and is consisted of three major programs: support for low-income families, support for vulnerable groups, and support for economic recovery. As financial market volatility increases and the possibility of a prolonged real economic recession emerges, we have prepared a plan to alleviate the financial burden of the self-employment and financially vulnerable groups. This includes supports for their stable landing by reducing the interest rate for those who use high-interest loans of 7% or more, and to reduce the burden of overdue interest for businesses damaged by COVID-19. In 2022, we have completed the implementation of 53 out of a total of 55 tasks and achieved of approximately 4,526.2 billion KRW. The BNK Financial Group will fulfill its role as a representative financial institution in the southeast region by managing the achievements of the ‘Crisis Overcoming Companion Project’ through regular inspections and providing practical financial support to the financially vulnerable.

Major support for the ‘Overcoming Crisis Together Project’

Type	Direction	Details	3-year support scale
Support for low-income families	Support focused on securing liquidity to assist the smooth economic activities of the loan customers	- Support for preferred interest rate on mortgage loan - Support for credit loans specialized self-employed - Expand support for people who need financial inclusion - Support for low-interest charter loan for the newlyweds and youth, etc.	5.935 trillion KRW
Support for vulnerable groups	Support for the reduction of financial costs of existing loans for marginalized classes	- Support for deferring repayment for marginalized classes affected by COVID-19 - Support for private business owners and personal special guarantees - Supply of safe loan transfer, support for interest rate cap mortgages - Support for high-interest refinancing loan - Support for interest rate cuts for high-interest vulnerable groups - Support for overdue interest deductions for vulnerable groups - Exemption of early repayment fee, etc.	7.326 trillion KRW
Support for economic recovery	Support for facilitating normalization by providing substantial opportunities for rehabilitation for the vulnerable groups	- Operate ‘Credit Loan 119’ program - Operate high-interest refinancing loan program - Overdue interest deductions for small business owners affected by COVID-19 - Program for alleviating completion of negative prescription - Professional consulting support self-employment business	1,459.5 billion KRW
Total			14,720.5 billion KRW

INTRODUCTION
ESG STRATEGY & PROGRESS
FOCUS AREA
ESG MANAGEMENT
Environmental Finance
Environmental Management
Green Finance
Socially Responsible Finance
Digital Finance
Customer-centered Finance
Information Protection
Innovative Finance
Financial Inclusion
Win-Win Finance
Corporate Culture
Talent Development
Contribution to Local Community
Ethical Finance
Governance
Risk Management
Ethical Management
APPENDIX

Socially Responsible Finance

Financial Inclusion

Financial Inclusion for the Low-Income Households and Financially Vulnerable Classes

Loan Products for the Low-Income Households and Financially Vulnerable Classes

The BNK Financial Group is expanding various customized loan products and services to support the financial stability for low-income families and financially vulnerable groups who are struggling from the increasing interest rate and inflation. Busan and Kyongnam Bank offer the ‘Sunshine Loan 15’ product to embrace the lowest creditors who are inevitably using high-interest loans from illegal private finance. Furthermore, in an effort to alleviate the financial burden of the people, the evaluation of the loan limit of the ‘New Hope Spore Loan’. a representative financial product for low-income families, have been relaxed, granting the maximum limit without any distinction according to credit rating, and the ratio of recognized annual income has also been expanded from a maximum of 1.7 times to 2.0 times. We established a new mobile exclusive page for the ‘New Hope Spore Loan’ to enhance customer accessibility, and in 2022, we realized a loan support approximately twice compared to the previous year.

Moreover, we aimed to alleviate the financial burden of the financially vulnerable groups through the reduction of high-interest loan rates and high-interest refinancing guarantee loan programs. We implemented the ‘Credit Loan 119’ program to mitigate the occurrence of insolvency for vulnerable customers, offering support for maturity extension or long-term installment repayment loans. In order to support the reduction of financial costs for the mortgage loans of the vulnerable class, we have provided the ‘Relief Conversion Loan’ with a limit of up to 360 million KRW. We are also supporting the financial recovery of the vulnerable groups by early abandoning special bonds, which the statute of limitations is expected to be terminated, for the underprivileged, financially vulnerable and small business owners.

Loan Products and Services for the Low-Income Households and Financially Vulnerable Groups in 2022

Type	Products
Preferred interest rate	· Sunshine Loan15, Sunshine Loan Ban · New Hope Spore Loan, Stepping Stone Mid-Range-Interest Rate Loan, Medium interest rate loan · A Place to Stay Loan, Busan Metropolitan City Charter Loan for Newlyweds, Charter and Monthly Rent Loan for Youth
High-Interest Refinancing Loan Guarantee	· High-Interest Refinancing Loan Program · Safe loan transfer
Deferred Repayment and Interest Reduction	· Credit Loan 119 Program · Interest rate reduction program for those vulnerable to high interest loans · Debt cancellation program for the socially underprivileged

Deposit Products for the Low-Income Households and Financially Vulnerable Classes

The BNK Financial Group is providing a variety of deposit products offering preferred interest rates for the working class and financially vulnerable. We provide preferred interest rates for the financially vulnerable, medium- to low-income groups, and homeless customers, while participating in various services to ensure a minimum living. We are committed to providing support that can be of substantial help in asset building for the financially vulnerable class.

In 2022, we expanded our offerings to support asset building for low-income youths through cooperation with the government and local autonomous entities. Busan Bank, through an agreement with Busan City, launched the ‘Busan Youth Joy Double Account’ to support asset formation for youths in the Busan area, providing preferential interest rates to approximately 4000 youths in 2022. Kyongnam Bank is selling a saving product, the ‘Hope-gathering Savings’, to support asset formation for low-income youth in the local area. Furthermore, they are supporting regional youth independence through the launch of agreed savings products with local governments such as Ulsan City, Geoje City, and Geochang-gun.

Card Products for the Low-Income Households and Financially Vulnerable Classes

The BNK Financial Group supports the socially underprivileged through the ‘Multi-Children Love Card’, a product specialized for families with multiple children, ‘Braille Card’ for the visually impaired, and the ‘Citizen Happiness Card’ which can be used for various national voucher programs. In 2022, Busan Bank issued a new product called ‘Happy Tomorrow Card’ to support the job preparation of vocational high school students. Meanwhile, Kyongnam Bank issued a local government-linked youth support card to provide activity and business operation costs to young people seeking employment in areas such as Gyeongsangnam-do, Ulsan City, and Changwon City.

Card Products for the Working Class and Financially Vulnerable Classes in 2022

Type	Products
Youth	· Busan Youth Joy Double Account · BNK Youth Sympathy Installment Savings · Hope Collection Installment Savings · Happy Tomorrow Card · Youth Pleasure Card
Women and family	· Multiple Children Card · Multicultural Love Card · Happy Kid Card
Senior	· Baekse Youth Pension Account · Baekse Youth Silver Regular Deposit
Financially Vulnerable groups	· BNK Hope Fostering Installment Savings · Regional Love Free Installment Savings · BNK Happiness Protection Bankbook · BNK National Pension Security Account

Financial Inclusion

Inclusive Finance for Local Economy

Loan Products for Local Small Businesses

The BNK Financial Group has been implementing various financial supports for local small businesses, who have been the most affected by the triple crises of high interest rates, high prices, and high exchange rates. In 2022, we expanded the supply of special guarantee loans for local small business owners and self-employed. The Busan Bank not only launched various special guarantee loan products, but also introduced the ‘Re-ventrue Speical Guarantee Agreement Guarantee Loan’, providing start-up capital to small businesses and merchants who had to re-open their business due to the damages caused by COVID-19. In 2022, the Kyongnam Bank provided a total of 343 billion KRW in loans to small business owners and self-employed the Kyongnam region utilizing the special contributions from the Gyeongnam Credit Guarantee Foundation and the Ulsan Credit Guarantee Foundation as funds. BNK Financial Group has made significant efforts to stimulate lending support for local small businesses. Busan Bank has launched new specialized loan products for local small businesses, including dedicated loan products for self-employed with medium-to low credit ratings who have difficulty securing loans, and a special discount rate for Busan city private business owners mediated by Busan local currency, Dongbaekjeon. Kyongnam Bank carried out the ‘Small Business Owner Hope Sharing Project’, which provides low-interest loans for small business owners based upon free collateral, free security and irrelevant credit rating. In addition, the BNK Financial Group has also strengthened the system for extending loan maturities and deferring repayment for local small businesses. Busan Bank has extended the period of the ‘SME Liquidity Support Program’ until the end of September 2023, supporting interest rate cuts, extension of maturation, and deferment of installment repayments for SMEs. In addition, the ‘COVID-19 Soft Landing Support Program’ is being provided for customers who are subject to the termination of the principal and interest repayment, offering consulting on various long-term and installment repayment methods taking into account the individual customer's situation. Meanwhile, Kyongnam Bank has fully waived the overdue interest of customers with arrears of less than 90 days, targeting private businesses and small business owners who have been affected by COVID-19 in 2022.

Loan Products and Services to Support Small Businesses in Major Regions in 2022

Type	Products	
Support for Special guarantee loans	· 2022 Busan City small business support agreement guarantee loan	· Local Credit Guarantee Foundation Special Contribution Guarantee
	· IKEA Korea special contribution win-win cooperation agreement guarantee loan	· Local energy-UP support theory
	· Dongbaek Pium Convention Guarantee Loan for Small Businesses in Busan	
Low interest loan	· Prime Dongbaek ONE Special Loan	· Hope Sharing Project for Local Small Businesses
Deferring repayment and interest cut	· Funding Liquidity Support Program for SMEs	· Overdue Interest Cut Program for Small Businesses Affected by COVID-19
	· COVID-19 Soft Landing Support Program	

Deposit Products for Local Residents

The BNK Financial Group has been launching and selling various deposit products for the residents as a part of the mutual cooperation for the growth and development of the Gyeongsangnam-do region. The Busan Bank, as the operator of the local currency project ‘Dongbaekjeon’, has been providing the ‘Dongbaek Account’ which provides preferential interest rates according to the payment performance of Dongbaekjeon to stimulate the local economy. Kyongnam Bank has offered preferential interest rates to customers who have moved or registered their birth in Gimhae City or Jeonju City, by selling the Gaya Kingdom Gimhae Love Bankbook and the True Jinju City Love Bankbook through March 2023. Furthermore, in 2022, the bank launched the Geochang-gun, Geoje City, and Ulsan City Agreement Savings Accounts in continued support of asset formation for the local low-income youth. Lastly, it launched the Ulsan 2022 Time Deposit Account, selling it through October 2022, and provided Ulsan residents with preferential interest rates benefits through this product.

Deposit Products and Service for Local Residents in 2022

- Dongbaek Bankbook
 - Town Boss Preferential Installment Savings
 - Lifetime Main Bank Business Owner Bankbook
 - Geochang-gun, Geoje City, Ulsan City Agreement Savings
- Gaya Kingdom Gimhae Love Bankbook
 - True Jinju City Love Bankbook
 - Ulsan City Love Dream Bankbook



Socially Responsible Finance

Financial Inclusion

Financial Inclusion for Innovative SME

Loan Products for Innovative SME

The BNK Financial Group is contributing to promote the local economy by providing specialized financial products for SMEs in innovative growth technologies. It is also operating several products such as preferred interest rates for outstanding job creating companies, special loans, and a variety of special guarantee support.

Loan Products and Services for Innovative SME Support Products in 2022

Type	Product
<div>Busan Bank</div> <div></div>	<div><ul style="list-style-type: none">· Technology Finance· Relational Finance· Special Preferential Loan for Technology Finance· Secured Loan for Intellectual Property· Support for Social Enterprise· Chattel Mortgage Loan· Special support loans for small and medium-sized Enterprises· Special Loan for Car Component Industry· Busan Shipbuilding & Marine Equipment Company Special Guarantee Loan· Technology Guarantee Fund Innovative Growth Technology Small and Medium Business Agreement Guarantee Loan</div>
<div>Kyongnam Bank</div> <div></div>	<div><ul style="list-style-type: none">· Technology Finance· Relational Finance· Medium interest rate loan for Social Enterprise· Chattel Mortgage Loan· Kyongnam New Deal Industry Convention</div>
<div>BNK Capital</div> <div></div>	<div><ul style="list-style-type: none">· Technology Support Project for Outstanding Small and Medium Enterprises</div>



INTRODUCTION
ESG STRATEGY & PROGRESS
FOCUS AREA
ESG MANAGEMENT
Environmental Finance
Environmental Management
Green Finance
Socially Responsible Finance
Digital Finance
Customer-centered Finance
Information Protection
Innovative Finance
Financial Inclusion
Win-Win Finance
Corporate Culture
Talent Development
Contribution to Local Community
Ethical Finance
Governance
Risk Management
Ethical Management
APPENDIX

- INTRODUCTION
- ESG STRATEGY & PROGRESS
- FOCUS AREA
- ESG MANAGEMENT
 - Environmental Finance
 - Environmental Management
 - Green Finance
 - Socially Responsible Finance
 - Digital Finance
 - Customer-centered Finance
 - Information Protection
 - Innovative Finance
 - Financial Inclusion
 - Win-Win Finance
 - Corporate Culture
 - Talent Development
 - Contribution to Local Community
 - Ethical Finance
 - Governance
 - Risk Management
 - Ethical Management
- APPENDIX



The local community is the foundation of the BNK Financial Group and regards the management ideology of ‘To the World with the Region’ as the utmost value. The BNK Financial Group intends to continuously widen its role as a financial institution through the development and stimulation of the local economy. Specifically, we are leading efforts to create job opportunities for the youth in the region to address the risk of local extinction due to the decline in the young population. We are expanding the use of local currencies by utilizing local business networks and online and offline infrastructure to uplift consumption within the region.

Contribute to the Boosting Local Economy

Financial Support for Job-creating Companies

The BNK Financial Group is intensifying financial support for job-creating enterprises in a proactive response to the potential crisis of local extinction that can occur due to the outflow of the young population. Busan Bank renewed the ‘Financial Support Agreement for Coexistence with Busan SMEs’ with the Korea Housing Finance Corporation to continuously provide the foundation for local SMEs to create jobs. In addition, it provided a total of 182.4 billion KRW in finances in 2022 for the employment. This includes continuous attempts to create and maintain jobs for SMEs through loans agreed upon with guarantee institutes such as the Korea Credit Guarantee Fund. Meanwhile, Kyongnam Bank is making efforts to supply smart factories and support the aerospace industry for aviation manufacturers (KAI partners) in the Gyeongsangnam-do region by collaborating with Gyeongsangnam-do and Korea Aerospace Industries (KAI). In 2021 and 2022, Kyongnam Bank supported a cumulative loan of KRW 9 billion and KRW 21.4 billion through a business agreement with Korea Aerospace Industries Co., Ltd. and a business agreement to spread smart factories, respectively. It is planning to provide support of 100 billion KRW for deploying the smart factory and fostering the aerospace manufacturing industry. Through this, it is expected to contribute greatly to the development of SMEs in the aerospace industry and in the creation of local jobs.

Support for Discovering Local Talent

The BNK Financial Group has co-hosted ‘2022 Busan, Ulsan, and Gyeongnam Job Fair,’ the largest job fair in the Southeast region, to solve the employment difficulties of outstanding local companies and help to discover local talents. The fair was held both online and offline for two weeks starting from August 22, 2022 and provided a variety of programs, including the operation of an online job-matching platform, hosting an offline fair, and running job preparatory lectures and information sessions. The BNK Financial Group has endeavored to inject vitality into the local employment market, which has been sluggish due to COVID-19, by supporting job placement funds to companies participating in the fair for regular employment through participation in the fair.



2022 Busan, Ulsan, and Gyeongnam Job Fair



Joa Fair Poster

Socially Responsible Finance

Win-Win Finance

Self-employed Support Center

The BNK Financial Group operates an exclusive center to support local small business owners and the self-employed. The support center offers basic financial consulting services as well as medium-interest rate loan consulting for users of high-interest rate loan, and consulting linked to loans to replace the national happiness funds. Busan Bank opened general support centers for private business owners at its headquarters and branches in 2019, and it is currently offering management consulting programs for the stable operation of businesses. We provide support consulting for a total of 49 cases in 2022.

Kyongnam Bank opened the ‘Support Center for Small Business and Private Business Owners’ as an organization dedicated to supporting small business and self-employed at Changwon Central Branch in 2019 to help difficulties due to the slow domestic market; thus providing comprehensive financial services. Expert consulting support is being provided in various sectors such as business feasibility analysis, taxes, commercial district analysis, store operations, etc.

Operating Local Currency

Busan Bank is issuing a regional currency (Dongbaekjeon) in Busan, with the aim of revitalizing the local economy through the virtuous cycle while cooperating in mutual growth with small business owners, citizens, and traditional markets in Busan city.

In March 2022, Busan Bank has expanded and strengthened its Dongbaekjeon response channel after being selected as the operating agency. For customer convenience, Busan Bank has established a dedicated Dongbaekjeon counter at all branches, and made Dongbaekjeon services available at both ATMs and STMs (Self-Teller Machines). We minimized waiting times for consultation services through the Dongbaekjeon Customer Center and the Dongbaekjeon Chatbot consultation services. In addition, we are continually promoting activities such as sticker distribution for the promotion of Dongbaekjeon franchise stores, banner production, and event cashback with Busan city, thereby practicing regional coexistence.

Building upon such efforts, Busan Bank became the first in the banking sector to possess a local currency platform in March 2023, and since the start of Dongbaekjeon operations, has achieved a total of 1.1 million users and a cumulative issue amount of 2.2 trillion KRW. In the future, we plan to leap into a citizen platform where digital new technology, administration, and finance converge through Dongbaekjeon.

Community Policy Support

The BNK Financial Group is the representative financial institute based on local region. The BNK Financial Group is continually providing support not only in terms of finance but also by utilizing the group's infrastructure for the engagement of hosting of Gadeok New Airport and hosting of ‘World EXPO 2030 Busan’, which are the major issues in the Southeast region.

In order to host the New Gadeok Airport, not only are we running a massive campaign, but we are also actively participating in attracting public interest and participation by utilizing all online and offline channels within our group. This includes large banners, posting promotional posters at business places, and providing guidance through mobile banking. To actively support the hosting of the ‘World EXPO 2030 Busan’, we have set up a ‘Hosting of World EXPO 2030 Busan Support TFT’ within the holding company and provide support by preparing systematic programs and operation plans. In line with the recent visit of the ‘World EXPO 2030 Busan’ inspection team, we are continuously advancing collaborative projects with external organizations to raise public awareness, such as the production of SNS content (Busan City), promotion of Busan Urban Railway themed trains (Busan Transportation Corporation), and the selection of Expo theme for the Dongbaek Children's Art Competition (Busan Facilities Foundation).

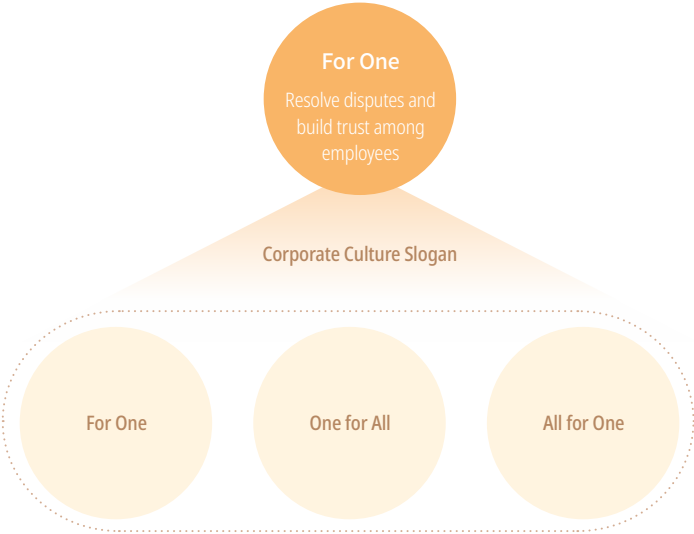
Kyongnam Bank has launched a New Beginning Time Deposit to commemorate the inauguration of Changwon Special City in 2022, and actively promoted the inauguration of Changwon special city. In the event of population increase in Changwon City, the Bank has promised to offer preferential interest rates to customers who join this product, thereby supporting the local government's population policy. In addition, in celebration and promotion of the ‘Ulsan 2022 National Sports Festival’, we launched the ‘Ulsan 2022 Fixed Deposit,’ which is a special edition product. Furthermore, Kyongnam Bank annually releases a Baseball Love Time Deposit to support our local baseball team, the NC Dinos. A portion of the sales is used for the development of local youth baseball through donations made to the NC Dinos.

INTRODUCTION
ESG STRATEGY & PROGRESS
FOCUS AREA
ESG MANAGEMENT
Environmental Finance
Environmental Management
Green Finance
Socially Responsible Finance
Digital Finance
Customer-centered Finance
Information Protection
Innovative Finance
Financial Inclusion
Win-Win Finance
Corporate Culture
Talent Development
Contribution to Local Community
Ethical Finance
Governance
Risk Management
Ethical Management
APPENDIX

INTRODUCTION
ESG STRATEGY & PROGRESS
FOCUS AREA
ESG MANAGEMENT
Environmental Finance
Environmental Management
Green Finance
Socially Responsible Finance
Digital Finance
Customer-centered Finance
Information Protection
Innovative Finance
Financial Inclusion
Win-Win Finance
Corporate Culture
Talent Development
Contribution to Local Community
Ethical Finance
Governance
Risk Management
Ethical Management
APPENDIX



The BNK Group set ‘For One’ as its 2022 slogan to resolve conflicts between genders and positions and create trust among employees. ‘For One’ aims at reconnecting the organization and employees with the BNK Financial Group’s core values of ‘challenge,’ ‘cooperation,’ ‘openness,’ ‘honesty,’ and ‘friendliness.’ In addition, we are aiming at ‘One Team’ for the growth of both employees and organization and conducting continuous and consistent strategies to everyday life. More precisely, we have set the goals of ‘One for All’ and ‘All for One’ as we create a corporate culture platform where individual employees and the organization can grow together.



Creating a Good Corporate Culture for Work

Ensuring Work/Life Balance

The BNK Financial Group supports various programs to ensure work/life balance. With the implementation of the 52-hour work week, the ‘PC shutdown program’ was introduced wherein PCs are to be shut down at 6 p.m. in order to guarantee relaxing evenings for employees. In addition, meetings before 9 a.m. are prohibited, and meetings are limited to one hour to build a reasonable meeting culture. Busan Bank has held a ‘work hour normalization TFT’ in 2022 to discuss issues such as reduction in overtime hours, more days without overtime, division of annual leave into three segments, and taking days off on birthdays/wedding anniversaries throughout the year. Through the TFT, every Wednesday and Friday of 2022 have been officially designated as ‘days without overtime’, encouraging all employees to finish work at the regular time on these days without exception.

The ‘joint labor-management work hour normalization TFT’ was also established in order to hold monthly labor-management meetings to ensure balance between work and life through expanded flexible working hours, work-from-home, and enactment of different working hours for employees. The BNK Financial Group supports various programs so that employees can feel both fun and sense of achievement at work. In order to encourage employees to recharge by using their vacation days, the period for long-service experience training was extended, and self-development bonuses, etc. are offered when using annual paid leave. Moreover, measures are being taken to prevent vacancy by dispatching employees from headquarters, etc. when there are vacancies due to employees taking leave as part of our efforts to create a vacation culture wherein employees can use their leave days freely. We also operate year-round resorts where employees can spend time with their family to ensure work-life balance.

Work/Life Balance Guarantee Support Programs	
Type	Support Programs
Promotion of leisure activities and guarantee of life with free evenings	· ‘Operate the ‘PC shutdown’ program and introduction of ‘lunch saver’ to guarantee lunch (rest) time · ‘Introduction of ‘Days without overtime’ · Support for company club activities, operate after-work self-development programs
Improve the holiday system to ensure sufficient rest	· Vacation bonus · Self-determined leave program, ensure free use of leave by registering two months in advance · Extension of refresh leave program (preserve leave days) · Operation of Year-Round Resort for Providing Refresh Opportunities
Family participation program for spending time with family	· Family Month bonus · Trips for parents, sport events and movies with family (NC Dinos baseball, etc.) · School enrollment gifts and college entrance exam gifts for child

Corporate Culture

Strengthening Employee Communication and Satisfaction

The BNK Financial Group is establishing a cooperative and productive labor-management relationship through smooth communication between the company and its employees. We have various communication between labor and management, including the labor union. A wide range of opinions are being collected for major issues related to company management, improved treatment, benefits and perks, etc. Specifically, Kyongnam Bank holds a minimum of one company development conference annually, with participants including worker representatives, management, and related departments responsible for opinion formation. The conference discusses matters necessary for improving unreasonable business practices. The 2022 Kyongnam Bank Company Development Conference discussed agenda items including the expansion of new hires, personnel management systems, fair inspection system measures, reduction of clerical work, and practice improvements including the eradication of unsound sales encouraging behavior. Meanwhile, group ‘HR meetings’ are held regularly to strengthen communication among subsidiaries. Group HR policies and major issues are being discussed, and HR management plans are shared by subsidiary. A total of four meetings were held in 2022.

The BNK Financial Group operates communication and harmony programs joined by all employees to spread the core values of the group and improve the sense of membership. During the first half of 2023, all employees held a proposal for what they hoped for from BNK Financial Group in terms of changes and innovation within the group. A total of 175 employees submitted 209 suggestions. In particular, the ‘mentoring program with executives’ for communicating with executives and ‘call center of love,’ which are communication programs that promote communication between the CEO and employees, are being operated. ‘The ‘call center of love’ was operated in a contactless manner to allow the simultaneous participation of all employees, and it has become a new window for communication unique to the BNK Financial Group. Kyongnam Bank implemented the ‘Labor and Management Joint Healing Camp’ in 2022, creating a platform for communication where approximately 300 executives and employees could enjoy a stage invited by a singer. The BNK Financial Group offers opportunities to watch cultural performances to improve satisfaction for employees. In 2022, the ‘BNK Kyongnam Bank Nakdong River Derby’ event was held, inviting approximately 1,000 employees and their families to the rival game between the KBO League Lotte Giants and NC Dinos. We also provided opportunities to watch various performances, such as the 2022 Vienna Symphony’s performance in Korea and the invitation performance of the opera ‘Madame Butterfly’.







Child Care and Day Care Support

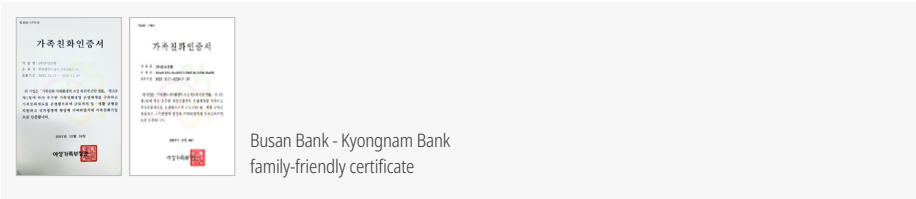
The BNK Financial Group actively supports childbirth and child care to protect the maternity of female employees. In particular, we strive to create a comfortable childcare environment by supporting childbirth incentives to ease the burden of childrearing on our employees, expanding the operation of workplace daycare centers, and expanding the flexible working hours system for employees with children entering elementary school. Furthermore, various activities for pregnant women are being carried out such as providing anti-electromagnetic wave clothes, soon-to-be-mother name cards, etc. for pregnant employees.

Specifically, the BNK Financial Group has raised the amount of the childbirth benefits for the year 2022 to foster a birth and childcare-friendly corporate culture, and also established a miscarriage/stillbirth compensation to support the mental and physical recovery of female employees who have experienced a miscarriage or stillbirth. In addition, we have improved the parental leave system to recognize cases where treatment is needed due to infertility or subfertility as rightful grounds for leave. Busan Bank and Kyongnam Bank have obtained the Ministry of Gender Equality and Family’s family-friendly corporation certification in 2021 and have maintained it up to the present. The family-friendly corporation certification is a program certifying companies that operate exemplary family-friendly programs to provide support for employees in working and taking care of their family. We will continue to provide support so that employees can engage in comfortable family life, in addition to a professional life filled with energy.

Child Care and Day Care Support Programs

Type	Details
Operate day care centers at work	 · BNK Busan Bank 4 branches / BNK Kyongnam Bank 2 branches
Launch childbirth and parental vacation/leave programs	 · Support for family care leave (10 paid leave days per year) · Family care leave and new work hour shortening system for family care leave
Launch flexible work system	 · Flexible work hour system and shortened work hours for employees returning from parental leave or children in elementary school
Others	 · ‘Soon-to-be-mother name card’ at branch windows and childbirth gifts · Congratulatory money for children entering school (elementary, middle and high school, and college)

Family-friendly Corporation Certificates



Corporate Culture

Fair Performance Evaluation and Compensation

The BNK Financial Group operates a systematic performance evaluation system. Organizational goals for each department, office, and branch are set based on the mid- to long-term and current year’s management policies and strategic tasks. Personal goals are being established based on the goals of the department, office, or branch for each member. Individual performance evaluations are conducted using the MBO (Management by Objective) method, which assesses the level of achievement for personal job performance goals set at the beginning of the year. The person being evaluated regularly receives feedback regarding the achievement and performance goals through job guidance and mid-term evaluations (interviews) from the evaluator. Additionally, every year, a leadership evaluation is carried out for employees of rank level 4 and above, and the results of this evaluation are used as HR reference materials for understanding leadership capabilities at the managerial level and for competence development.

In addition, the comprehensive work rating score—which is a major index for promotion reviews—is being annually disclosed to enhance the fairness and transparency of HR. Practical HR coaching is also being provided to help with the development of employees beyond simply disclosing the comprehensive work rating scores. In order to ensure a fair and reasonable evaluation, we are also regularly conducting training for evaluators.

The BNK Financial Group determines compensation based on the evaluation results that are tallied companywide, by organization, and by individuals to provide fair compensation such as promotions and incentives. The performance of unit organizations (HQ department, branches) from January to December every year is evaluated fairly, and the score evaluated by each unit organization is used for computing the payment ratio for the organization bonuses of employees. In order to ensure that employees receive proper compensation for their performance, an objective, fair performance assessment system is being constructed through external consulting and TFT research.

Safety and Health Management Policy

Safety and Health Management Strategy

The BNK Financial Group has established ‘Employee Life Protection’ and ‘Safe Working Environment Establishment’ as the top priority values of corporate management activities. We have established an industrial safety and health management plan approved by the Board of Directors in 2022 to establish a group-wide safety and health system and raise the awareness of the organization, thereby settling a safety culture.

Busan Bank has established five operation goals that include achieving zero industrial accidents, protecting the lives of customers and all employees, ongoing improvement activities related to occupational safety and health, construction of safety and health infrastructure, and establishing a fully autonomous health management system for all employees. The bank is making efforts to not only prevent accidents among employees, but also among workers from outsourced services and contracted employees. The goal is to create a pleasant work environment at the site of ordered construction works.

Kyongnam Bank has been recognized for its systematic system built for the health and safety of its employees, as a result, it has obtained the first International Occupational Health and Safety Management System Certificate (ISO45001) among regional banks in 2022. Busan Bank is also in preparation to acquire the certificate.



Kyongnam Bank ISO 45001 Certificate

BNK Financial Group Safety and Health Goals and Management Policies

- | Goals |**
- Establishing a healthy and safe work environment by preventing safety accidents
 - Developing and promoting a safety-oriented culture by raising employee awareness
- | Management Policies |**
- The BNK Financial Group sets the safety and health of its employees, customers, and partners as its top priority throughout its management activities, complies with relevant laws and standards, and strives to prevent industrial accidents by establishing a healthy and safe working environment. To this end, BNK Financial Group will do its best to build a safety culture through the participation of all executives and employees by declaring and continuously implementing the safety and health management policies.
1. The BNK Financial Group sets ‘protecting employees’ lives’ and ‘creating a safe working environment’ as the top priority values of corporate management activities.
 2. The BNK Financial Group protects the safety and health of not only its employees, but also its customers and employees of partner companies by removing risk factors in the workplace in advance and proactively preventing them.
 3. The BNK Financial Group continuously strives to foster safety awareness and establish a safety-oriented culture through the participation of executives and employees.
 4. Employees of BNK Financial Group comply with safety and health related laws and faithfully comply with responsibilities and obligations for safety and health activities.

Socially Responsible Finance

Corporate Culture

Safety and Health Management Policy

Compliance with domestic and foreign laws

We comply with domestic and foreign laws and regulations and requirements related to safety, health and environment, and improve the level of safety and health environment.

Continuous Improvement of Safety Environment

In order to effectively operate the safety and health environment system, concrete goals and detailed goals are established, reviewed, and continuously improved.

Announcement of Safety Management Policies

By announcing the safety management policies, we share that our top priority is life and safety.

Creating a Pleasant Working Environment

We actively support employees to contribute to the realization of a healthy life by minimizing harmful risk factors at the workplace to prevent safety accidents in advance and creating a pleasant working environment.

Busan Bank pursues safety and health as its basic principles in corporate management, actively participates in activities for the safety of customers and all employees, and pursue health to bring continuous improvement.

Goals



Zero industrial accidents



Protecting the lives of customers and all employees



Continuous improvement activities related to safety and health



Establishing safety and health infrastructure



Achieving accident rate goal by establishing self-directed safety and health management system for all employees

Safety and Health Management Organizer

Busan Bank and Kyongnam Bank have designated the Head of Business Support as the overall person in charge of safety and health management. We also have established the Occupational Safety and Health Committee consisting of the Head of Management Support, employee representative, members of workers and members of employers. The Occupational Safety and Health Committee convenes quarterly regular meetings to review or resolve on matters such as establishing industrial accident preventive plans, drafting and modifying Management of Health and Safety at Work Regulations, maintaining and enhancing the safety and health of employees and improving the work environment, investigating the causes of industrial accidents, and establishing measures to prevent recurrence.

Safety and Health Management Organizer

```
graph TD; BP[Bank President] --> HMSD[Head of Management Support Department  
(Safety and health management Supervisor)]; HMSD --> DOM[Department and Office Manager  
(Managing Director)]; HMSD --- OSHC[Occupational Safety and Health Committee];
```

◀ ⏮ ⏭ ▶

Corporate Culture

Safety and Health Risk Management

The BNK Financial Group has established a Serious Accidents Response Manual for the construction of a standardized safety and health management system at the group level in accordance with the implementation of the Serious Accidents Punishment Act. Furthermore, we are conducting semi-annual inspections for subsidiaries subject to related laws and regulations, and checking the compliance with the obligations specified in the business manual. Upon reviewing the status of each subsidiary's response to the Serious Accidents Punishment Act in 2022, we have confirmed that all affiliates, excluding BNK Venture Investment, (which is a business with less than 50 people) is not subject to the Serious Accidents Punishment Act. They also have completed the establishment of their Management of Health and Safety Regulations or serious accident response manuals.

The BNK Financial Group has established a risk assessment system in accordance with the Occupational Safety and Health Management Plan to identify risk factors in the workplace and improve safety and health risks. Kyongnam Bank perform a risk assessment in accordance with the guidelines for Occupational Safety and Health Risk Assessment for the construction site of the Kyongnam Bank's Head Office (including the Sales Department) in 2022. As a result, it has taken complementary measures such as the replacement of the hydraulic mobile elevated work platform, installation of safety ladders, securing of multi-outlet office partitions, replacement of elevator control panel circuit breakers, manufacture and installation of cooling tower covers, oil storage facilities, and the installation of ventilation fans






Major Inspection for Semi-annual Inspection of Serious Accidents Response Manual

- 1. Establishment of Safety and Health Objectives and Management Policies
- 2. Identification and Improvement Measures for Harmful Risk Factors
- 3. Safety and Health Related Budget Review
- 4. Establishment of Serious Accidents Response Manual
- 5. Establishment and Evaluation of Subcontractor Assessment Criteria
- 6. Compliance with Safety and Health Related Laws and Regulations
- 7. The matter of whether education has been implemented regarding hazardous contract work

Supporting Employee Health Management

The BNK Financial Group is strengthening health management programs such as widening coverage of group injury insurance, expanded health examination recipient and increased medical insurance, etc. for the health care of employees. We have expanded the scope of our health examinations from the current policy that includes only employees and their spouses and parents, to also include the parents of employee spouses, effective from April 2023. We have also implemented measures to ensure that the cost of family examinations is applied on a par with our employees. Furthermore, we have extended health examination leave from half a day to a full day in order to improve our employee health examination system. Psychological consulting services and treatment services are offered to help resolve various kinds of work-related stress. Kyongnam Bank has entered into a new contract in 2022 with a company specializing in child development programs to expand the scope and targets of psychological counseling support. Consequently, we offer counseling support not only for work-related matters but also for employees experiencing psychological difficulties at home.

Employee Health Management Support Program

Type	Details
Basic welfare program	<div></div> <div><ul style="list-style-type: none">· Better coverage of group injury insurance (increased payout for cancer diagnosis, added traffic accident injuries, increased life insurance payout)· Expanded scope of medical fee support (examination costs for treatment, CT, MRI, ultrasound, etc.)</div>
Disease prevention support	<div></div> <div><ul style="list-style-type: none">· Provided quick and systematic response plans by operating COVID-19 response emergency task force</div>
EAP program	<div></div> <div><ul style="list-style-type: none">· Operated specialized psychological consulting service to ensure the mental health of employees</div>
Expand Praise Culture	<div></div> <div><ul style="list-style-type: none">· Developed and Implemented the Sweetheart Program· Create a positive corporate culture through fostering a culture of mutual appreciation among employees</div>
Others	<div></div> <div><ul style="list-style-type: none">· Gym and employee lounge</div>

- INTRODUCTION
- ESG STRATEGY & PROGRESS
- FOCUS AREA
- ESG MANAGEMENT
 - Environmental Finance
 - Environmental Management
 - Green Finance
 - Socially Responsible Finance
 - Digital Finance
 - Customer-centered Finance
 - Information Protection
 - Innovative Finance
 - Financial Inclusion
 - Win-Win Finance
 - Corporate Culture
 - Talent Development
 - Contribution to Local Community
 - Ethical Finance
 - Governance
 - Risk Management
 - Ethical Management
- APPENDIX



The BNK Financial Group is nurturing human resources who can pursue innovation and create new value. The ideal talent of the BNK Financial Group is a value creator who leads with passion in everything based on performance-oriented thinking and proactive behavior. It also includes a challenging innovator who pioneers the future with a sense of stewardship to participate in everything actively, and a financial professional with the highest level of expertise and working capacities. BNK Financial Group is continuously striving to realize the management vision of ‘leaping forward as a global-standard financial group’.

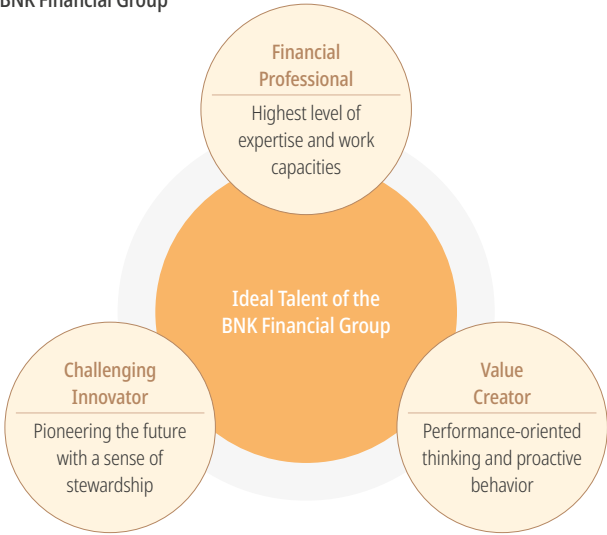
Talent Development Policy

Talent Development Strategy

On January 10, 2018, the BNK Financial Group operates a ‘Group Human Resources Development Center’, which is the only domestic financial group, to achieve its human-centered management philosophy of ‘finance is people’ and to raise the competitiveness in the group’s key business areas of corporate investment banking (CIB), wealth management (WM), digital, and global sectors.

The Group Human Resources Development Center provides multiple programs, including joint training for the entire group, individual education, a group executive training program, and global core talent development. Upon completion of the training program, a survey will be conducted on the participants regarding the applicability of the acquired knowledge to the field of work, overall satisfaction level, and comprehensive evaluation of the instructor as well as the educational program process. Through measuring the outcomes of the educational program, we are working towards improving employee satisfaction.

Ideal Talent of the BNK Financial Group



Talent Development Programs

Leadership Training to Foster Executives

The BNK Financial Group is operating a leadership education program to foster executives and to enhance the capacities of executives. The BNK AMP course is being provided as an educational program for the management of the group. BNK Management Academy and External Institute AMP Course leadership education are being provided for holdings companies that are preliminary managers and for poorly performing branch managers recommended by all subsidiaries. In the 2022 External Institute AMP Course, 13 individuals participated in 7 university courses, and 19 individuals participated in 15 media and external agency courses, making a total participation of 32 individuals in 22 courses. The BNK Financial Group is empowering executives through systematic educational courses.

Talent Development

Talent Development System

The BNK Financial Group is providing various opportunities for self-directed learning and career development to support its employees in learning basic job knowledge and growing into job experts.

Category	Busan Bank	Kyongnam Bank
Required course for each position	· Encourage learning of necessary knowledge for job performance by completing required courses for each position regarding basic bank operations such as deposit, loan, foreign exchange, etc.	· Operate mandatory job training courses (deposit, loan, foreign exchange, FEE-BIZ, digital) by position to learn basic job knowledge
In-company certification	· In line with the era of financial specialization, evaluate work competency and CS practice competency for specific tasks · Consists of 7 areas: customer consultation, loan, foreign exchange, credit management, international finance, fund management, and risk management, and classified into 3 levels: expert, master, and doctor.	· Established an in-company qualification system in July 2021 to strengthen employees' capabilities and motivate self-directed learning · In consultation with the relevant department, step-by-step (LV. 1-3) training courses for specialized fields (digital, IB, CMO, IT) are opened, and in-house qualifications are granted upon successful completion
Other capacity building programs	AB (ALL Round Banker) System · A system newly established to develop the capacity of the general counseling counter manpower, and a total of 118 general counseling counter manpower were trained in 2022 Advanced Career Development System (CDP) · Creating a self-directed career development environment to develop individual job capabilities (started in March 2022, implemented in 2023)	<Job master in-company qualification system> · Motivation for certification acquisition, job evaluation, and boom-up for self-directed learning, and 3-level masters (Junior Master, Semi Master, Grand Master) system · Masters are selected based on careers at each stage of recruitment, job evaluation within the company, qualifications, and personnel evaluation.

Core Sector Expert Training Program

The BNK Financial Group conducts professional training courses every year in the four core business divisions of Corporate Investment Banking (CIB), Wealth Management (WM), Digital, and Global to continuously nurture key talents who will lead the group.

	CIB	· Support for admissions to graduate school in real estate · Real estate development expert (certificate) training	· Education on project financing, M&A, IPO, etc. · Training to foster group CIB professionals
	WM	· Support for CPB (private banker) qualification	· Education on financial planning, asset market analysis, etc.
	DIGITAL	· BNK Digital Academy(30people a year) · BNK digital academy	· Training to foster Big data specialist · Education on digital marketing, financial analysis, etc.
	GLOBAL	· Support for global MBA · US Silicon Valley training program	· Experience in advanced finance and overseas channels · Training to foster Global future experts

No. of Participants in Program for Fostering Experts in the 4 Core Sectors of the Group (Units: people)

Category	2020	2021	2022
CIB	48	174	93
WM	30	30	172
Digital	60	39	1,109
Global	0	55	53
Total	138	298	1,427

Talent Development

Training to Support Acquiring Financial Certifications

The BNK Financial Group is operating various certification preparation courses to facilitate the growth of its employees as experts in their desired fields. The courses operated as a group joint training not only supports employees in obtaining certifications in their desired fields, but it's also a process that enhances customer satisfaction based on professional knowledge. In 2022, employees who have completed the group joint course have earned various certifications such as the certified credit analyst, KBI Financial DT Test, and the Certified Private Banker (CPB) loan examiner. This has helped to enhance their professional expertise and contribute towards efficiency in operations.

Certificate Training Performance in 2022

Category	No. of participants	No. of participants who acquired certification after training
Training for acquisition of private banker (CPB) certification	31	11
Weekend training for acquisition of credit analyst certification	107	21
Training for acquisition of financial DT test certification	769	208

Career Development and Re-employment Support System

Busan Bank provides 'Re-employment Support Service' to actively cope with changes in life after retirement and develop the capacity to design a second life for retired employees. Busan Bank provided 47 retired employees in 2022 with 'My understanding for setting career goals', 'The second act of life', 'Job preparation know-how', 'Start-up preparation know-how', 'Re-employment/start-up success and failure cases' was provided for 18 hours (3 days) of training. Kyongnam Bank is also activating the 'Re-employment Support Service' to support employees' career development and re-employment. In 2022, a total of 16 hours of training was conducted for 49 service recipients. The training consisted of life design and change management, career goal setting and career planning, psychological stability, bank employee career development path and major cases, and bank employee retirement financial planning and case sharing.

ESG Education

The BNK Financial Group provides ESG education through an education platform called e-campus for the group's entire employees to strengthen and enhance their capabilities and interests for ESG. In 2022, to raise interest in ESG training, a learning was held for 10 self-created content courses. In addition, various ESG learning contents are provided to the employees through 'KBI Tube', a premium knowledge content of the Korea Banking Institute (KBI), to strengthen their ESG capabilities.

ESG Education Performance in 2022

Category	Description	Target (people)	Total hours (hr)	Remark
BNK e-campus	Courses are conducted on topics such as global environmental regulation, corporate environmental management response, and ESG implementation strategies in daily life	234	222	Online
KBI Tube (Busan and Kyungnam)	Changes in the financial market due to climate crisis, overview of ESG evaluations, methodology for implementing ESG finance, and green finance are all part of the ESG content composition at the Korea Banking Institute	112	147	Online
Training to strengthen capabilities of new branch managers	It consists of educational courses such as ESG global trends, climate change crisis and carbon neutrality and actions taken by the BNK Financial Group	45	67.5	Offline
2022 second half training for promoted employees		113	169	Offline
Training for new employees in 2022	Experiential ESG programs such as flogging and upcycling	62	279	Offline

INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

ESG MANAGEMENT

Environmental Finance

Environmental Management

Green Finance

Socially Responsible Finance

Digital Finance

Customer-centered Finance

Information Protection

Innovative Finance

Financial Inclusion

Win-Win Finance

Corporate Culture

Talent Development

Contribution to Local Community

Ethical Finance

Governance

Risk Management

Ethical Management

APPENDIX

- INTRODUCTION
- ESG STRATEGY & PROGRESS
- FOCUS AREA
- ESG MANAGEMENT
 - Environmental Finance
 - Environmental Management
 - Green Finance
 - Socially Responsible Finance
 - Digital Finance
 - Customer-centered Finance
 - Information Protection
 - Innovative Finance
 - Financial Inclusion
 - Win-Win Finance
 - Corporate Culture
 - Talent Development
 - Contribution to Local Community
 - Ethical Finance
 - Governance
 - Risk Management
 - Ethical Management
- APPENDIX

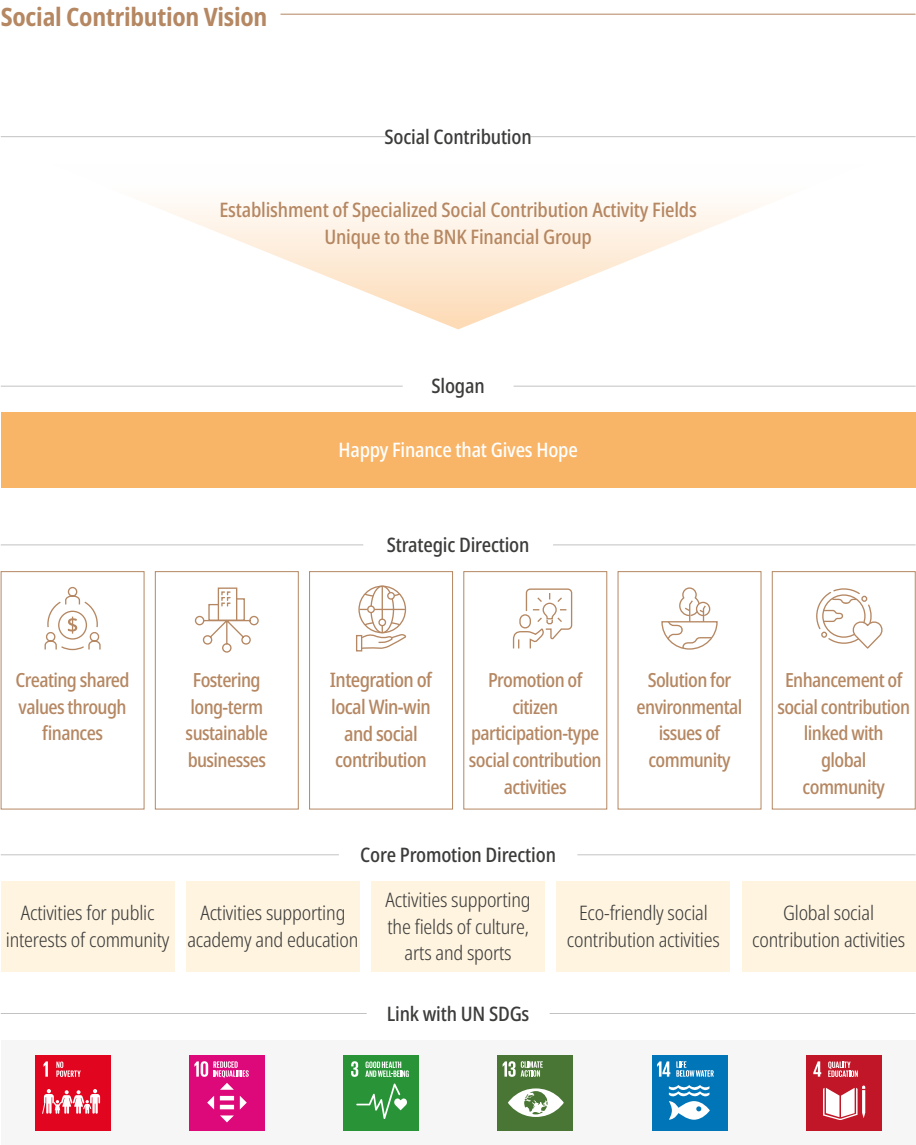


Contribution to Local Community

Under the management philosophy of ‘right management,’ which aims to establish ‘right BNK’ through ‘right thinking’ and ‘right action,’ the BNK Financial Group is carrying out various social contribution activities. We are striving to give back to the local community through our corporate profits by making efforts for the implementation of ESG management. We also aim to fulfill our corporate social responsibility by expanding social contribution activities based on specific and differentiated plans.

Social Contribution System

The BNK Financial Group has established a transparent process for social contribution activities, and it is maximizing the effects of social contribution through close cooperation. The BNK Financial Group is comprehensively managing social contribution activities pursued in various ways in company-wide, and all subsidiaries operate departments and activity organizations are in charge of social contribution. The social contribution practitioner committee, in which the person in charge of social contribution of all subsidiaries participate, regularly discusses the promotion direction for social contribution of the BNK Financial Group and related key issues. In addition, Busan Bank and Kyongnam Bank are deciding how to use donations in stage-by-stage discussions of organizations such as the steering council, review council, management committee, BOD, etc. according to the amount of donations for the timeliness and fairness of donations. In the future, it will pursue various social contribution activities in connection with the group’s ESG management promotion plans. We will maintain various communication channels with private institutes such as local volunteer centers and specialized charity institutes such as the Community Chest of Korea while playing the role required by the community.



Contribution to Local Community

Social Contribution Activities

2022 Social Contribution Activities Highlight

BNK Financial Group	Fundraising with customers for Türkiye		In order to support Türkiye and Syria, which suffered major damage due to an earthquake, fundraising was carried out through mobile banking by Busan Bank and Kyongnam Bank. The fundraising goal is KRW 300 million, and it was conducted using a matching grant method where BNK donates the same amount as the customer's donation, creating a aid used for emergency relief supplies.
BNK Busan Bank	Busan50+ internship business		Addressing the issues of local aging and unemployment, funds are provided for vocational education targeting those aged 50 and above who desire to re-enter the workforce. Also, recruitment incentives are offered to enterprises that employed those individuals as interns. In 2022, 50 internship opportunities were created and 44 long-term job positions were generated.
	Plastic Zero BIFC		16 multi-use cup collection machines are installed in the BIFC area where the headquarter of Busan Banks is located and multi-use cups are provided to 13 cafes. The collected multi-use cups are cleaned and inspected at local self-support centers and reused in cafes. In one month of 2022, it reduced the use of over 600 pieces of plastic and created jobs at local self-support centers.
BNK Kyongnam Bank	Plogging, Beach combing, Underwater plogging		Following its ongoing 'plogging' and 'beachcombing' activities, which involve picking up trash from major local hiking trails, parks, and coastlines, Kyongnam Bank has expanded its contributions to biodiversity preservation and protection in 2022 by adding 'underwater plogging' to collect waste from bodies of water like oceans and rivers. In 2022, a total of 1,543 employees and family volunteers carried out 74 environmental conservation and purification activities, including 42 times of plogging, 31 times of beachcombing and one time of underwater plogging.
	Project of creating '100-ri(40Km) Bamboo Forest National Garden Project'		Kyongnam Bank actively participates in the project to expand the Ulsan Taehwagang Bamboo Forest into a national garden spanning 40 kilometers, known as the '100-ri(40Km) Bamboo Forest National Garden Project', since 2019. With a total project budget of KRW 2.1 billion (KRW 750 million in 2022), the bank has planted 40,300 various types of herbaceous plants, 900 walnut trees, and five types of bamboo. It has also set up a themed rest area and break facilities within the Bamboo Forest. The '100-ri(40Km) Bamboo Forest National Garden Project' is a vital habitat for endangered species such as otters, herons, and crows, possessing an abundant amount of clams and spat, and persistent salmon returns make it a treasury of biological diversity that houses over 800 species of flora and fauna.
BNK Securities	Warm companionship		BNK Securities supported the underprivileged in the Southeast region through its 2022 theme social contribution project, 'Warm Companionship', for a healthier summer and winter. The company has laundered and replaced filters for approximately 140 air conditioning units installed at facilities for infants and the disabled, and delivered blankets to 240 low-income households. Additionally, the company sponsored fans for 100 child breadwinners in the Busan area and provided market gift cards to 50 multicultural families in Changwon and Ulsan areas for a joyful Chuseok.
BNK Capital	Overseas corporation HAPPY SHARING		BNK Capital regularly conducts a donation event, 'Happy Sharing,' for the underprivileged in its overseas expansion areas. Through the event, held for the third time in 2022, the company organized donations of used clothing, used books, and school supplies, and delivered them to the underprivileged in Myanmar, Cambodia, Laos, and Kazakhstan.

Socially Responsible Finance

Contribution to Local Community

Activities for Public Interests of Community

Activity	Description	2022 activity performance results
Purchase of gift certificats for employees to stimulate traditional markets 	Contribute to the revitalization of traditional markets by purchasing traditional market gift certificates as part of employee salaries	BNK Busan Bank BNK Securities Purchased traditional market gift card worth KRW 671 million Purchased traditional market gift certificates worth KRW 225 million
Support for low-income class with traditional market gift certificates 	Donate traditional market gift certificates to Kyongsangnam-do and Ulsan Metropolitan city during major holidays such as Lunar New Year and Chuseok to support the purchase of groceries and necessities for low-income households while contributing to increasing the sales of vendors in traditional markets	BNK Kyongnam Bank Supported 11,740 beneficiary households with traditional market gift certificates worth KRW 753 million
Assistance for the vulnerable groups	Sponsoring the donation of items such as fans and blankets for the local vulnerable communities to withstand the heat of summer and stay healthy during winter, as well as the delivery of nutritional foods including kimchi and restorative meals. Also supporting the operation of free meal centers.	BNK Busan Bank BNK Kyongnam Bank Delivered restorative meals to 2,500 seniors across 50 community welfare centers In response to the harsh winter season, provided support for 7,810 households with winter kimchi and blankets, amounting to KRW 357 million, and during the extreme summer heat period, assisted 6,900 households by providing them with fans and summer blankets, with a total support value of KRW 196 million
		BNK Securities BNK Capital Transferred KRW 3 million for the purchase of free meal ingredients and disposable items Support of KRW 4 million for the Samgyetang sharing campaign and the love kimchi sharing campaign
Hope sharing fundraising 	Participation in fundraising to assist underprivileged neighbors around the end of the year and the beginning of the new year	BNK Securities Delivered KRW 16 million in donation funds
Sharing love newspaper campaign 	Providing cultural services through newspapers for information-vulnerable groups in the area, such as marginalized communities, solitary seniors, multicultural families, and social welfare corporations	BNK Kyongnam Bank BNK Capital BNK Securities Supported KRW 194 million for 800 vulnerable households in the Kyungnam Ulsan area (1-year subscription) Supported KRW 360 million Donated newspapers equivalent to KRW 3.6 million given to the ChildFund Korea, a social welfare corporation
Empathy Donation Project 	A major civic participation program that provides support for medical expenses and living costs targeting the vulnerable population in the local area	BNK Busan Bank Provided approximately KRW 96 million to a total of 74 individuals in 2022
Love blood donation campaign 	Donation to the special membership fee of the Korean Red Cross and promoting humanitarian values and stabilization of blood supply through voluntary group blood donation activities	BNK Kyongnam Bank Paid special membership fees annually to the Kyongnam Branch and Ulsan Branch of the Korean Red Cross, donated the entire blood donor cards of 140 employees who participated in the love blood donation campaign

Socially Responsible Finance

Contribution to Local Community

Academic and Educational Activities

Activity	Description	2022 activity performance results	
Scholarship sponsorship	Providing scholarship to students from elementary to university level in local venerable classes through 'BNK happiness scholarship support project'	BNK <small>Busan Bank</small>	Delivered a total scholarship fund of KRW 500 million to 280 beneficiaries (cumulative scholarship amounting to approximately KRW 7.5 billion)
 Donating scholarship to promising young baseball players who grow their dreams in challenging environment	Donating scholarship to promising young baseball players who grow their dreams in challenging environment	BNK Securities	Donated KRW 500 thousand to the ChildFund Korea, a social welfare corporation
Sponsorship for smartphone video contest on school violence prevention	Collaboration with the Board of Education to host a competition focusing on the prevention of school violence	BNK <small>Busan Bank</small>	Number of applications submitted: 242 , Number of participants: About 2,000
Essay contest and drawing contest	Beginning with the '1st Kyungnam essay contest for housewives and drawing contest for children' in 1990, cultural events for women, children and teenagers in Kyungnam and Ulsan regions are annually held to provide opportunities for leisure and talent development	BNK <small>Kyungnam Bank</small>	32 nd essay contest and draw contest held in 2022. The 'Webtoon' sector added
Youth dream star	Since 2017, through a local media (Kyungnam Domin Ilbo) and the Office of Education, stories of aspiring arts and physical education students are introduced in the Kyungnam region, encouraging voluntary donations from local residents, and providing support for independence through donations that match the sponsorship funds	BNK <small>Kyungnam Bank</small>	Introduced the stories of 10 aspiring arts and physical education students and provided support of KRW 30 million
Support for local universities	Support the development fund for local national and private universities to contribute to self-reliance (overcoming the risk of extinction), develop competitiveness, and prevent the outflow of regional talent abroad	BNK <small>Kyungnam Bank</small>	Provided a development fund of KRW 1,300 million to local national and private universities in Kyungnam and Ulsan regions including Kyungnam University and Ulsan University
Sponsorship of the 2022 SME Leaders Forum	Sponsorship of the '2022 SME Leaders Forum' hosted by the Korea Federation of SMEs	BNK Securities	Delivered sponsorship fund of KRW 5 million to the Korea Federation of SMEs

INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

ESG MANAGEMENT

Environmental Finance

Environmental Management

Green Finance

Socially Responsible Finance

Digital Finance

Customer-centered Finance

Information Protection

Innovative Finance

Financial Inclusion

Win-Win Finance

Corporate Culture

Talent Development

Contribution to Local Community

Ethical Finance

Governance

Risk Management












Ethical Management

APPENDIX

Socially Responsible Finance

Contribution to Local Community

Activities for Culture, Arts and Sports

Activity	Description	2022 activity performance results
Sponsorship for the Pusan International Film Festival 	Improvement of public culture and art accessibility through sponsorship of the Pusan International Film Festival	 Awarded the 2022 arts tree sponsorship prize (commended by the Ministry of Culture, Sports and Tourism)
Support for the Busan Cultural Tourism Festival Organization Committee 	Contribution to the active energization of Busan festival culture and discovery of tourism resources	 Achieved 915,000 cumulative visitors in 2022 for seven sponsored events including Busan Fireworks Festival (a total of KRW 1.64 billion provided in the last five years)
Operation of art gallery 	Cultural creation spaces provided to local youth through free rental and operation of Shinchang-dong art gallery and cinema	 29 times of free exhibitions held. A total of 235 days of free venue rental executed
Leading local mecenat and creating cultural and artistic viewing events 	Expanding matching between members of local cultural art organizations and local corporate members, and supporting direct affiliations with local cultural art organizations	 As the president of the Kyungnam Mecenat Association, which was established in 2007, supported the relationship of 163 pairs in 2022 (from the initial founding with 22 pairs to a cumulative total of 1,443 pairs in 2022)
Local sports events 	Providing opportunities for local residents to enjoy cultural and artistic experiences by inviting them to grand opera events and concerts	 Supported and held over 20 grand opera events including 'Madama Butterfly' over the past 21 years (required to add achievements for the events held in 2022)
	In order to strengthen ties with local institutions and organizations, and contribute to the leisure and health promotion of local seniors, the Gyeongsangnam-do institution & corporate & daily sports football tournament and gate ball tournament held by Kyongnam Bank are organized	 30 teams participated in the Kyungsangnam-do institution & corporate & daily sports football tournament in 2022 550 local seniors participated in the 2022 gate ball tournament held by Kyongnam Bank

Socially Responsible Finance

Contribution to Local Community

Environment Protection Activities

Activity	Description	2022 activity performance results
Environmental social contribution in cooperation with Busan Environmental Corporation 	Promotion of a project aimed at improving citizen welfare and environmental enhancement through institutional collaboration	BNK Busan Bank Supported the funding of KRW 220 million for a total of eight projects including improvements to low-income housing and upcycling competitions
Fine dust reduction project (Green Busan!) 	Air quality improvement through the operation of dust removal and water cleaning vehicles in the Busan Port area	BNK Busan Bank Operated four dust removal vehicles, contributing to the annual removal of 55 tons of fine dust in the Busan Port area
Riverside park environmental improvement project, sponsorship of environmental culture festival, etc. 	Job creation and the enhancement of citizens' environmental awareness through the support of environmental protection festivals and events	BNK Busan Bank Achieved job creation for local residents through employment support for waste collection services targeted at major local tourist spots (accumulated 200 people) Sponsored a total of eight eco-friendly events including upcycling and bird welcoming experiences
Installation of safety facilities 	Prevention of safety accidents and the activation of tourism by installing safety and information guides in major landmarks such as mountains and islands in the Kyungnam and Ulsan regions where local residents frequently visit	BNK Kyongnam Bank Newly installed ten 'Saryangdo forest trail guide boards and city information boards of Tongyeong in 2022

Global Activities

Activity	Description	2022 activity performance results
Support for medical volunteer activities at Ukrainian refugee camps 	Supporting medical relief organization for war refugees	BNK Busan Bank Delivered healthcare activities and relief supplies for approximately 400 individuals at locations such as the Polish refugee camp through a non-profit healthcare organization
Support for Busan China Town Special Zone Festival 	Contributing to local community cohesion and commercial district revitalization through sponsoring a festival hosted in the area, focusing on the theme of cultural diversity	BNK Busan Bank Sponsored a total of ten events including multicultural exotic experiences
Support for multicultural families (marriage-immigrant women) and foreign migrant workers 	Providing assistance through major communication events for local multicultural families(marriage-immigrant women) and foreign migrant workers, to aid in their social settlement and adaptation	BNK Kyongnam Bank Sponsored foreign multicultural festival and similar events

INTRODUCTION
ESG STRATEGY & PROGRESS
FOCUS AREA
ESG MANAGEMENT
Environmental Finance
Environmental Management
Green Finance
Socially Responsible Finance
Digital Finance
Customer-centered Finance
Information Protection
Innovative Finance
Financial Inclusion
Win-Win Finance
Corporate Culture
Talent Development
Contribution to Local Community
Ethical Finance
Governance
Risk Management
Ethical Management
APPENDIX

INTRODUCTION
ESG STRATEGY & PROGRESS
FOCUS AREA
ESG MANAGEMENT
Environmental Finance
Environmental Management
Green Finance
Socially Responsible Finance
Digital Finance
Customer-centered Finance
Information Protection
Innovative Finance
Financial Inclusion
Win-Win Finance
Corporate Culture
Talent Development
Contribution to Local Community
Ethical Finance
Governance
Risk Management
Ethical Management
APPENDIX

Governance

Governance	100
Risk Management	106
Ethical Management	109



INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

ESG MANAGEMENT

Environmental Finance

Environmental Management

Green Finance

Socially Responsible Finance

Digital Finance

Customer-centered Finance

Information Protection

Innovative Finance

Financial Inclusion

Win-Win Finance

Corporate Culture

Talent Development

Contribution to Local Community

Ethical Finance

Governance

Risk Management

Ethical Management

APPENDIX



The BNK Financial Group pursues sustainable management and strives for transparent and healthy governance to protect the rights and interests of all stakeholders including shareholders, customers, community, etc. We use annual governance reports and websites to enhance transparency on matters related to governance.

Composition and Operation of Ethical Governance

Board Composition

The BNK Financial Group Board of Directors is the highest decision-making organization of the company, and consists of the CEO and outside directors with proven expertise and independence. Internal regulations and relevant laws prescribe that more than half of the Board of Directors be composed of outside directors. In particular, the chair of the Board of Directors is different from the CEO and is appointed among outside directors.

As of end of May 2023, the Board of Directors is composed of one internal director and six outside directors. Based on these internal regulations and composition, the Board of Directors has been efficiently operated and professional decision-making is being made.

Board Composition ¹⁾					
Role	Name	Experience	Expertise	Tenure (Date of appointment – end of tenure)	Remarks
CEO	Bin Dae-in	BNK Financial Group CEO Former Busan Bank President	Finance	2023.3.17-General meeting of shareholders of 2026	Independent director
Outside director(char of the Board of Directors)	Choi Gyeo-ng-soo	Former Korea Exchange Chairman and CEO Former Hanyang Securities Chairman and CEO	Finance	2023.3.17-General meeting of shareholders of 2024	Independent director
Outside director	Park Woo-shin	Former SEETEC CEO Former Lotte Chemical Part Director	Business management	2023.3.17-General meeting of shareholders of 2024	Independent director
Outside director	Kim Soo-hee	Present Oasis External Affairs Legal Director Former Money Today Network (MTN) Journalist	Law	2022.3.25-General meeting of shareholders of 2024	Independent director
Outside director	Rhee Gwang-ju	Former Specially-appointed professor, Yonsei University Graduate School of Economics Former Assistant Vice Governor, Bank of Korea	Economics	2023.3.17-General meeting of shareholders of 2025	Independent director
Outside director	Kim Byung-duck	Former President of the Korean Pension Association Present Senior researcher, Korea Institute of Finance	Finance	2023.3.17-General meeting of shareholders of 2025	Independent director
Outside director	Cheong Yeong-seok	Present Vice President, Korea Maritime Law Association Present Professor, Korea Maritime & Ocean University	Law	2023.3.17-General meeting of shareholders of 2025	Independent director

1) As of end of May 2023

Governance

Independence of the Board of Directors

The BNK Financial Group appoints its directors in accordance with the independence criteria prescribed in the 'Act on Corporate Governance of Financial Companies' and the relevant internal regulations of the Group. Independence of the BOD has been secured by specifying that a majority of the members of the BOD should be outside directors whose independence has been verified in the Articles of Association. As of the end of May 2023, outside directors account for 86% of the board of directors, which is more than required by the regulations.

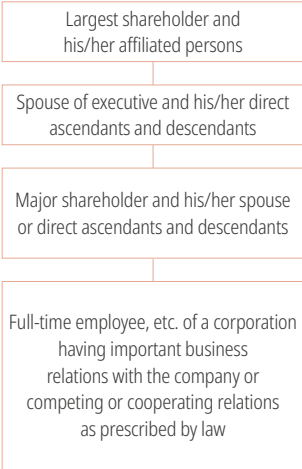
In addition, the Nomination Committee, composed of outside directors, recommends internal and outside directors after a thorough verification process for qualification requirement and reason for disqualification. The Board of Directors confirms the recommended candidate; the director is finally appointed through the general meeting of shareholders. Through this process, only outside directors who have met and confirmed the independence criteria are appointed to compose the Board of Directors.

Furthermore, in order to support the independent activities of outside directors, information on corporate governance, trends in domestic and foreign financial markets, and risk management areas, etc. has been provided through advisory from employees and external experts. Moreover, the independent decision-making of outside directors has been supported by joining in the Directors and Officers (D&O) liability insurance.

Group's Measures for Operating Independent Board of Directors

1. Internal directors and outside directors are appointed through several stages such as the Nomination Committee, Board of Directors, and general meeting of stakeholders
2. When appointing directors, eligibility is reviewed strictly according to that prescribed by law and internal regulations
3. The term for outside directors is within two years, and terms cannot exceed five consecutive years to prevent corrupt relationships
4. The CEO and chairman are excluded from the Nomination Committee by internal regulations to guarantee transparent and fair CEO management succession while preventing intervention in appointing outside directors
5. The chair of the Board of Directors is appointed from among outside directors to ensure the independent operation of the Board of Directors
6. Major management issues, of the group are reported regularly to the Board of Directors to resolve information asymmetry, while enabling the discussion of important pending issues by the Board of Directors

Statutory Disqualifications of External Directors
(Act on Corporate Governance of Financial Companies)



Expertise of the Board of Directors

The BNK Financial Group considers expertise in the process of appointing directors for effective decision-making in order to improve corporate value and protect shareholders, customers, and all other stakeholders. The expertise of the Board of Directors are secured based on practical experiences or professional knowledge in their relevant fields. This includes finance, economy, business management, accounting, law, consumer protection or information technology prescribed in the 'Act on Corporate Governance of Financial Companies' and the governance internal regulations of the Group to prevent the biased distribution of certain backgrounds and professional groups.






Furthermore, directors are appointed by taking into comprehensive consideration on whether they can fairly perform their jobs for financial consumers and shareholders, and whether they can spend sufficient time and effort to fulfill their duties as directors.

The BNK Financial Group has provided various information and programs to actively utilize the expertise and knowhow of outside directors on the group's business activities. To enhance the outside directors' understanding on the local economy and the group, internal education is periodically provided on the current state of the group, laws and internal regulations relevant to the operation of the Board of Directors, economy research material, etc. We are also actively providing support such as outside director workshops, guest speaker lectures, an assortment of forums, etc. so that they may improve their capacities in a wide range of areas.

Board skills matrix¹⁾

Main area of expertise

Additional area of expertise(related licenses or career)

Category		Internal directors	Outside directors					
		Bin Dae-in	Choi Gyeong-soo	Park Woo-shin	Kim Soo-hee	Rhee Gwang-ju	Kim Byung-duck	Cheong Yeong-seok
Finance		<div></div>	<div></div>			<div></div>	<div></div>	
Economics			<div></div>			<div></div>	<div></div>	
Business management			<div></div>					
Treasury / Accounting		<div></div>	<div></div>	<div></div>				
Law					<div></div>			<div></div>

*As of end of May 2023

INTRODUCTION
ESG STRATEGY & PROGRESS
FOCUS AREA
ESG MANAGEMENT
Environmental Finance
Environmental Management
Green Finance
Socially Responsible Finance
Digital Finance
Customer-centered Finance
Information Protection
Innovative Finance
Financial Inclusion
Win-Win Finance
Corporate Culture
Talent Development
Contribution to Local Community
Ethical Finance
Governance
Risk Management
Ethical Management
APPENDIX

Ethical Finance

Governance

Diversity of the Board of Directors

The BNK Financial Group complies with the standard for composition of the Board of Directors prescribed in the ‘Financial Investment Services and Capital Markets Act’, and appoints one female outside director to enhance the diversity in decision-making process. In addition, we manages the ratio of female outside directors in the outside director candidate group to secure diversity of the Board of Directors at the time of future reconstitution of the Board of Directors.

Outside Director Candidate Group Management

The BNK Financial Group strives to secure the appropriate outside director candidate group through the efforts including the candidate discovery activities by the support department of the Nomination Committee, recommendations from outside directors and management, and recommendations from shareholders and external advisory institutions. The Nomination Committee manages the outside director candidate group twice a year and reports the results to the Board of Directors.

As of May 2023, we have selected 88 members as the outside director candidate group, and they are being categorized and managed with consideration based on their expertise and diversity.

Status of Outside Director Candidate Group¹⁾

Category	Number of Candidate Group
Finance	24
Economics	13
Business management	13
Law	15
Consumer protection	4
Treasury/Accounting	16
Information technology	3
Sub total	88
Male	75
Female	13
Sub total	88

1) As of end of May 2023

Outside Director Training

The BNK Financial Group utilizes the expertise and knowhow of outside directors in the group's business management activities and conducts various trainings and educational courses. To enhance the outside directors' understanding on the local economy and the group, internal education is periodically provided on the current state of the group, laws and internal regulations relevant to the operation of the Board of Directors, economy research material, etc. We are also actively providing other support such as outside director workshops, guest speaker lectures, an assortment of forums, etc. In 2022, we conducted 17 trainings and educational courses based on various topics such as economics, business management, finance, sustainability, risk management, etc.

 Training Performance for Outside Directors in 2022 (link to the business report)



- INTRODUCTION
- ESG STRATEGY & PROGRESS
- FOCUS AREA
- ESG MANAGEMENT
 - Environmental Finance
 - Environmental Management
 - Green Finance
 - Socially Responsible Finance
 - Digital Finance
 - Customer-centered Finance
 - Information Protection
 - Innovative Finance
 - Financial Inclusion
 - Win-Win Finance
 - Corporate Culture
 - Talent Development
 - Contribution to Local Community
 - Ethical Finance
 - Governance
 - Risk Management
 - Ethical Management
- APPENDIX

Ethical Finance

Governance

Committees under the Board of Directors

The BNK Financial Group operates a total of six committees under the Board of Directors, and internal regulations prescribe that at least half of committees be composed of outside directors (2/3 or higher for audit committee); the chair of each committee must also be appointed from among outside directors. As of May 2023, members of all committees excluding the ESG Committee are appointed among outside directors as part of the efforts to operate a more independent committee. In particular, internal regulations prescribe that the CEO and chairman be excluded from the Nomination Committee; thus strengthening independence for transparent and fair succession of management and appointment of directors.

Committees under the Board of Directors

Committee	Composition	Role	Operation in 2022
Board Steering Committee	6 outside directors	· Hosting of board meetings and establishment of outside director operation plans · Discussions on improving corporate governance	Held 1 time, attendance rate 83.3%
Risk Management Committee	4 outside directors	· Approval of group risk policies · Supervision on risk policy compliance	Held 7 times, attendance rate 96.3%
Nomination Committee	4 outside directors	· Searching, screening, and recommending candidates for directors	Held 9 times, attendance rate 100%
Compensation Committee	4 outside directors	· Establishment of plans for improving company management performance · Setting board performance goals and evaluate	Held 3 times, attendance rate 100%
Audit Committee	4 outside directors	· Supervising the execution of duties by directors and management · General audit and evaluation of work such as internal control system, etc.	Held 10 times, attendance rate 100%
ESG Committee	1 internal director, 6 outside directors	· Establishing ESG strategies and policies of group · Enactment and opening/closing of internal regulations related to ESG	Held 4 times, attendance rate 93.1%

Role of the ESG Committee

The BNK Financial Group established the ESG Committee in March 2021 and strengthened the practice of group ESG management. The ESG Committee joined by the internal CEO and chairman and all outside directors is serving as the control tower of the ESG management activities. This forms the group's ESG strategies and policies and manages overall ESG areas including climate change response. In principle, the ESG Committee is held at least semiannually. In 2022, the ESG Committee was convened four times and major reporting items included the publication of the sustainability report and external institute assessment results on ESG.

Operation of the BOD

Order	Date	Resolution/Reporting agendas
1st	2022.02.10	Reporting on key ESG-related issues in the group
2nd	2022.03.25	Appointment of chairman (suggestion)
3rd	2022.07.25	Appointment of chairman (suggestion) Announcement of 2021 sustainability management report publication
4th	2022.12.19	Reporting of 2022 ESG evaluation results by the Korea Institute of Corporate Governance and Sustainability (KCGS)

INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

ESG MANAGEMENT

Environmental Finance

Environmental Management

Green Finance

Socially Responsible Finance

Digital Finance

Customer-centered Finance

Information Protection

Innovative Finance

Financial Inclusion

Win-Win Finance

Corporate Culture

Talent Development

Contribution to Local Community

Ethical Finance

Governance

Risk Management

Ethical Management

APPENDIX

Governance

Efficient Operation of the Board of Directors

The BNK Financial Group BOD votes on matters prescribed by law or articles of incorporation, matters delegated by the general meeting of shareholders, basic policies of company management, and other important matters for executing work. We are constructing risk management systems that meet the business management strategies and supervising the internal control and execution of jobs for management. The BOD is convened for a regular BOD meeting held every quarter and a special BOD meeting held whenever the preset criteria are met. Directors deemed to have special interests related to BOD agendas are not allowed to exercise voting rights for the relevant issue unless otherwise prescribed by law or the articles of incorporation. In addition, decisions are made based on the majority vote of the attending directors constituting the majority of registered directors.

In 2022, a total of 13 board meetings were held, and a total of 83 agenda items (37 resolutions, 46 reports) were handled. The average participation rate of BOD meetings was 96.7%. Meanwhile, in order to enhance the efficiency of BOD and committee operations, briefings and pre-presentations were held so that opinions could be exchanged; thus ensuring sufficient discussions on the agendas.

Operation of the BOD (Unit : meetings, cases, %)				
Category	2020	2021	2022	
No. of BOD Meetings	11	9	13	
No. of Agendas Discussed	74	54	83	
No. of Agendas Resolved	35	20	37	
No. of Agendas Reported	39	34	46	
Attendance Rate	100	97.2	96.7	


Fair Board of Directors Compensation and Evaluation

Compensation System for Management

The BNK Financial Group's performance evaluation on management is based on financial performance, but the evaluation is differentiated according to the applied operational characteristics. For risk management supervisors, legal compliance monitors, and management in charge of audits who require independence, separate compensation and evaluation standards were established. These are being operated irrelevant to financial performance. Work by management reflects non-financial indicators such as management innovation projects, strategy projects, and encouraging inter-group collaboration to strengthen responsible management.

For short-term performance, the Compensation Committee sets performance goals every year and determines the payment according to the evaluation results for items such as management performance, major promotion businesses, personal capacities, etc., and it is paid in full in cash the following year. For long-term performance, contracts are entered every year by the Compensation Committee, with the payment ratio determined through evaluation of the Compensation Committee for long-term business performance for three years. The entire amount is paid in stock-linked cash compensation over a period of at least three years from the end of evaluation period.

Major Performance Evaluation Indicator(2022)

Category	Details
Financial index	<div></div> <div><ul style="list-style-type: none">· Profitability index : ROE, ROA, RORWA· Soundness index : Actual non-performing loan ratio, actual overdue loan bond ratio· Capital adequacy index: BIS total capital ratio, BIS common stock capital ratio· Efficiency index : Cost Income Ratio· Stability ratio : Double leverage ratio, debt ratio· Shareholder rate of return : Relative TSR</div>
Non-financial index	<div></div> <div><ul style="list-style-type: none">· Group management innovation project execution· 'Work strategy project' per business sector· 'Management individual capacity evaluation' and 'inter-group work collaboration' for maximizing synergy in the group, etc.</div>

INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

ESG MANAGEMENT

Environmental Finance

Environmental Management
Green Finance

Socially Responsible Finance

Digital Finance
Customer-centered Finance
Information Protection
Innovative Finance
Financial Inclusion
Win-Win Finance
Corporate Culture
Talent Development
Contribution to Local Community

Ethical Finance

Governance
Risk Management
Ethical Management

APPENDIX

Governance

Evaluation of the Board of Directors

The BNK Financial Group evaluates the composition, activities and compliance with law and internal regulations of the BOD for the previous year in the first quarter every year. BOD evaluation results are reported to the BOD and general meeting of shareholders for purposes of transparency. The BOD evaluation is composed of seven items such as the ability to present strategies, efficiency of management control and supervision, appropriateness of BOD rights and executive functions, etc.

Evaluation Details of the Board of Directors

Evaluation Items	2022 Results
Ability to present strategies	Highest grade
Ability to respond to crisis management	Highest grade
Efficiency of management control and supervision	Highest grade
Appropriateness of BOD authority and executive functions	Highest grade
Appropriateness of BOD operations and agendas	Highest grade
Appropriateness of composition of BOD	Highest grade
Level of smooth communication with management	Highest grade

Evaluation of Outside Directors

The evaluation for outside directors of the BNK Financial Group is divided into qualitative evaluation and quantitative evaluation. The qualitative evaluation incorporates self-evaluation, mutual evaluation and employee evaluation, focusing on the expertise, fairness and responsibility of the outside directors’ activities. The 2022 outside director evaluation was conducted in January of 2023 by an external evaluation agency, and the evaluation results for each outside director were reported at the 1st BOD meeting held on February 2. The outside director performance evaluation overview and results are announced every year through the annual report on governance and compensation system.

Outside Director Performance Evaluation Process

Category	Qualitative Evaluation			Quantitative Evaluation	
	Self-evaluation	Mutual evaluation	Employee evaluation		
Evaluator	Outside director or non-executive director-self	All directors excluding the recipient (excluding internal directors and non-executive director serving concurrently as executives)	Executives and department heads in charge of supporting the BOD	BOD and committee attendance rate	BOD and committee evaluation results
Evaluation items		Key items of outside director evaluation table - Competence and expertise - Job fairness - Ethics and responsibility			
Evaluation weight	5%	60%	20%	5%	10%

INTRODUCTION
ESG STRATEGY & PROGRESS
FOCUS AREA
ESG MANAGEMENT
Environmental Finance
Environmental Management
Green Finance
Socially Responsible Finance
Digital Finance
Customer-centered Finance
Information Protection
Innovative Finance
Financial Inclusion
Win-Win Finance
Corporate Culture
Talent Development
Contribution to Local Community
Ethical Finance
Governance
Risk Management
Ethical Management
APPENDIX



Risk Management

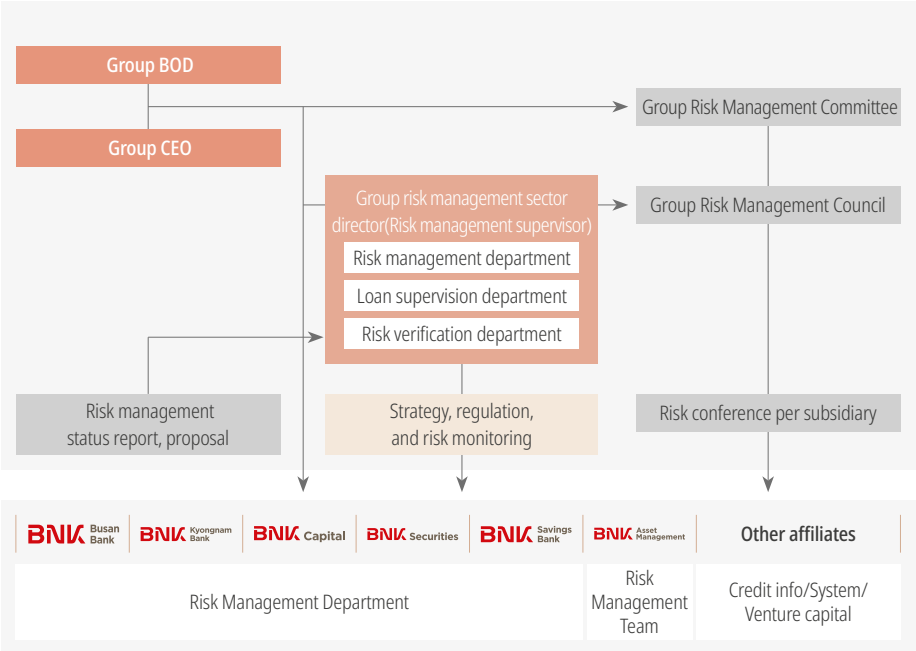
As the areas related to corporate management are expanding from economics to environment and society, the types of risks to which the corporate is exposed are also diversifying. The BNK Financial Group defines risks and establishes a proactive risk response system to secure a stable management foundation. For risk management, we have managed key risks centered around the Risk Management Committee under the BOD, and have operated various programs and systems to spread the risk management culture throughout the group.

Risk Management System

Risk Management Governance and Roles

The risk management system of the BNK Financial Group consists of the Risk Management Committee that establishes the group's risk management policies, and the Group Risk Management Council that manages the matters related to overall risks composed of risk managers from the holding company and subsidiaries. Risk management department of the holding company that handles overall risk management of subsidiaries and the detailed policies and practices of group risk management. The risk management department of the holding company is in charge of detailed group risk management policies and practices. The holding company's credit supervision department enhances asset soundness through credit supervision functions and is in charge of establishing overall follow-up management policies, including real estate PF. The risk verification department verifies affiliates' risk measurement models. In addition, each affiliate's risk management organization implements the group's and affiliates' risk policies and strategies through the operation of a dedicated risk management organization within the affiliate.

Risk Management Governance



Strategy, Regulation and Risk Monitoring

Risk Management Committee	Highest decision-making organization for risk management in the group, established company-wide risk management strategies and plans
Risk Management Council	Review of important issues and execution results such as resolutions of the Risk Management Committee of subsidiaries, etc., reviews on introducing new products for the entire group, etc.
Risk Management Department	In charge of works for detailed group risk management policies and work handling procedures * Risk Management Supervisor: Assists the Risk Management Committee and overseas the group's risk management work
Loan Supervision Department	Improve asset quality by strengthening the group's loan management functions, establish general policies for follow-up management * Wholly responsible for managing functions for real estate PF business sites
Risk Verification Department	Verification of risk management work adequacy such as the group's credit rating model and risk measurement elements, etc.
Risk Management Organization of each subsidiary	Risk management organization of each company and implementation of risk policies

Ethical Finance

Risk Management

Risk Management Activities

Major Risk Management by Type

The BNK Financial Group recognizes the credit risks, market risks, interest risks, operational risks, and credit bias risks as major risks while classifying liquidity risk, foreign exchange payment risk, strategic and reputation risks, etc. as other risks for management.

Category		Definition
Major risks	Credit risk	Economic loss risk that can occur due to the bankruptcy of the debtor, non-execution of contract by the contracting party, etc.
	Market risk	Loss risk that can occur due to disadvantageous changes in market factors such as interest rate, stock price, exchange rate, etc. or which may cause changes in asset value due to climate change
	Interest risk	Risk of net asset value or net interest profit, etc. changing due to the inconsistent interest rate maturation of funds or disadvantageous changes in market interest rates
	Operational risk	Loss risks that may occur due to inappropriate or misguided internal procedures, personnel, system error, or external incidents
	Credit bias risk	A part of credit risks that are 'single or few large sum exposures' with the possibility of loss due to the damaged soundness of the company, or loss risks that can occur due to the exposure of a group of borrowers that can be affected by bankruptcy rates, etc. due to common risk elements (industrial, regional, etc.)
Other risks	Liquidity risk	Loss risk that can occur due to failure to perform payment duties due to inconsistent maturation of assets and liabilities or due to the rapid leak of funds, or procuring at higher prices than market prices or operating with low surplus funds
	Foreign exchange payment risk	Loss risk that can occur due to foreign exchange transactions
	Strategic risk	Loss risks that can occur due to inappropriate decision making, lack of countermeasures for business environment changes, etc.
	Reputation risk	Loss risk due to worsening of public opinion such as low business performance, financial incidents, or causing social issues

Emerging Risk Management

The BNK Financial Group, considering the rapidly changing business environment, has managed and defined the risk that can have a material impact on future business as Emerging Risk. In particular, we have identified and managed 'Digital ecosystem response' and 'Strengthen the climate change response system' as key Emerging Risks.

Category	Description	Business impact	Risk mitigation
Digital ecosystem response	The digital ecosystem that is quickly developing with the fourth industrial revolution is being impacted due to the growing competition of the financial industry, and the digital risk is expected to expand throughout all financial activities including organization, platform, operational method, service, etc.	Contactless business fields are growing with the expansion of data used during financial activities; accordingly, if there is insufficient technological response, there can be a negative impact on business such as customers leaving due to information security issues.	We are inspecting the management system by finding potential risk factors of the digitalization of the financial environment and improving the operational risk evaluation items. We are also actively supporting the improvement of infrastructure utilizing digital technologies such as elaborating the early warning model using big data, implementation of auto review AI system, etc.
Strengthen the climate change response system	The climate change response levels of financial companies are continuously rising such as support for TCFD recommendations and equator principles. Furthermore, direct and indirect financial risks occur as there are impacts on products and services such as loans and investments related to climate change.	With the strengthening of regulations related to climate change, it is expected that there will be changes in the risk exposure for invested projects, reduced earnings on interests, etc.	In preparation for the implementation of low-carbon economy and increased consumer demand for green financial services, we are applying various risk management techniques in various environmental sectors such as strengthening environmental management, expanding eco-friendly finance, and conducting environmental impact evaluations when executing PFs.

Risk Management

Selecting and Managing Major Risk Management Areas

In order to respond the market situation with high volatility and support the sustainable growth of the group, the BNK Financial Group selects and controls risk management fields that must be dealt with in the corresponding year aside from major risks and emerging risks. In 2022, we have established response strategies per field such as climate risk, improving capital adequacy, asset quality management, COVID-19 response, and advancement of the crisis response system, and we are engaging in risk management activities.

Category	Description
Implementing climate risk management system	We developed the business for adoption of a climate risk management system to respond to climate changes and support the group's carbon neutrality goals.
Established real estate PF exposure management plan	We have established and operated the management plan for real estate PF exposure, which is a high-risk asset, due to the continued instability in financial market and economic recession in the real estate market. * Total volume management: Reduction of PF ratio compared to total credit and equity capital * Strengthen the bond preservation: Expansion of the proportion of official guarantees, Reduction of the proportion of high risk PF such as Bridge Loan
Improved capital adequacy	We improved the group's capital adequacy the implementation of RWA budgeting and limit reduction. Based on this, we have practiced financial support for local small and medium-sized enterprises and the implementation of inclusive finance.
Improved asset quality by establishing management goals per index	Management goals were set for overdue, insolvent amounts, and Stage2 loans for each operational division, and soundness management is being strengthened by holding one asset quality meeting every quarter. * Stage2 : Loans with relatively high credit risk compared to normal such as watchlist, complete capital impairment, overdue, etc.
Advancement of the crisis response system	In order to prepare for the new normal and market instabilities due to COVID-19, we are pursuing the advancement of the crisis response system.
Established a risk management system for strengthening investor protection	The BNK Financial Group is strengthening its work process such as reinforcing product selection, enhancing follow-up management functions for customers and establishing a crisis response system, etc. in order to establish a risk management system to enhance the protection of investors

ESG Risk Management

The BNK Financial Group is conducting systematic risk management to respond preemptively to the rapidly changing financial environment such as changes in the economy or climate. When evaluating the credit of a company, we include ESG management activities in non-financial evaluation items to control ESG risks that can be caused by customers. Also, we have been making efforts for climate change risk management such as reducing upper limits for businesses with high carbon emissions such as chemical product manufacturing, petroleum refinery, etc. In addition, we are responding to financial risk management arising from measurement of financial emissions and climate changes by developing the business for adoption of a climate risk management system.

ESG Risk Management Process



INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

ESG MANAGEMENT

Environmental Finance

Socially Responsible Finance

Ethical Finance

APPENDIX

Environmental Management

Green Finance

Digital Finance

Customer-centered Finance

Information Protection

Innovative Finance

Financial Inclusion

Win-Win Finance

Corporate Culture

Talent Development

Contribution to Local Community

Governance

Risk Management

Ethical Management



The BNK Financial Group is reinforcing its company-wide ethical management system. The code of ethics were enacted in 2011 and amended in accordance with policy changes and global initiatives by finance authorities. The BNK Financial Group shares the value of the ethical management with all subsidiaries and operates various programs to promote the ethical management.

Ethical Management System

Internal Control System of the BNK Financial Group

The BNK Financial Group strives to prevent the legal sanctions, financial losses, and damage to reputation due to violations of ethics and compliance by strengthening the ethical management system and internal control. The Code of Ethics is disclosed on the website, and the responsibilities and obligations for kindness and service to financial consumers as well as fair competition and transactions with competitors and partners are stipulated through the code of conduct and principles of conduct. The BNK Financial Group is conducting various internal control activities such as compliance monitoring, reporting ethical and compliance violations to the audit committee, etc. Internal control activities are being reported to the BOD every year in accordance with the Article 11 (5) of the Regulations Concerning the Supervision of Corporate Governance of Financial Companies.

The compliance officer of the BNK Financial Group selects experienced employees and executives who possess high understanding and judgment for internal control of financial business. They strives to enhance the capabilities related to internal control of the entire group. In 2022, we established the Internal Control Practitioners Committee, composed of internal control practitioners from each subsidiary, with the aim of strengthening the internal control system. This committee meets on a quarterly basis to discuss key issues for internal control and improvements for the efficiency of internal control within subsidiaries. In addition, we enacted the work manual for the group's Internal Control Practitioners Committee in 2023, and has managed the group internal control system more efficiently.

Link to the Code of Ethics

Performance of Internal Control Meetings in 2022



Main Agendas of the Group Internal Control Practitioners Committee in 2022

Order	Main agendas	
1st	· Purpose and operational plans of holding the Group Internal Control Practitioners' Meeting	· Discussion on the detailed operational plans and suggestions for the practitioners' committee
2nd	· Tasks executed using RedTech · Key audit items for digital auto-correlation inspection · Implementation status for regulatory compliance system	· Effective inspection methods for the group internal transactions · Measures of activating company-wide whistleblower system · Establishment of the communication platform, Naver Band
3rd	· Improvement of work efficiency for the group internal transactions · Internal control for online (contract-free) sales of funds · Establishment status for internal and external regulatory consolidation system	· Existence of re-loan restriction for loan cancellation applicants · Process of managing advertisement deadline · Inspection methods and items for internal control by the IT Department
4th	· Actions taken related to internal control improvement projects announced by the Financial Supervisory Service · Sharing of activities to activate the whistleblower system · Sharing of self-check activities for gender sensitivity	· Discussions on the need for the introduction of legal systems · Establishment of in-house counsel bulletin board within the groupware · Groups related to training plan for internal control (prevention of accidents) · Joint training plan

Ethical Finance







Ethical Management

Ethical Management Activities

Activities to Enhance Internal Control

The BNK Financial Group is performing practice inspection activities for ethical management to enhance the practice of the Code of Ethics and raise ethical awareness of employees and executives. We inspect the ethical violations such as inappropriateness of using expenses, gifts between employees, company gathering cultures, harassment at the office, sexual harassment, etc. In periods when ethical risks increase such as major holidays, official letters are sent to all departments and branches. In addition, monthly ethical/compliance self-inspection days are designated to distribute educational materials on practice plans and for selecting ethical management keywords. This helps to spread awareness of the importance of ethical management and internal control.

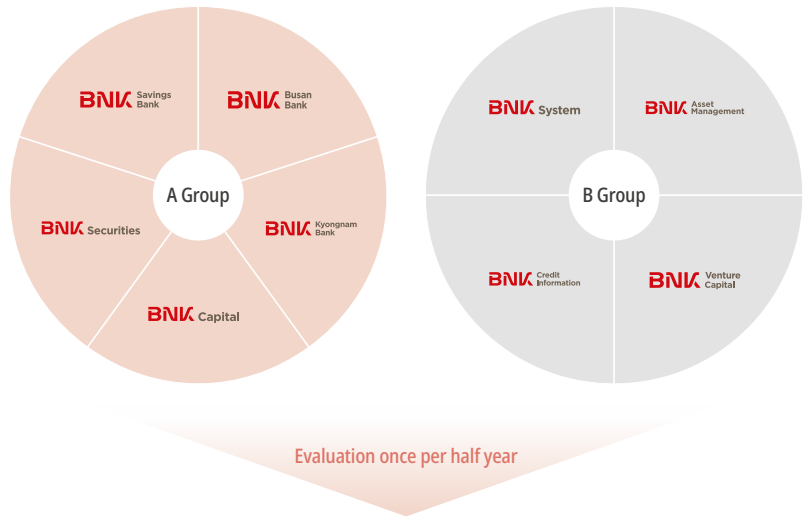
Major Activities to Enhance Internal Control in 2022

Internal control activities	Detailed contents
 Execution of monitoring of operational effectiveness of internal control for all subsidiaries	<ul style="list-style-type: none">· Monitoring of weekly/quarterly/semi-annual/annual written reporting· Monitoring for subsidiaries· Execution of theme inspection for the holding company and the subsidiaries
 Operation of compliance program	<ul style="list-style-type: none">· Designation of the compliance officer of all departments (Each department's compliance officer is responsible for executing the compliance tasks of their respective departments)· Submission of compliance report of all departments (monthly)· Execution of self-inspection for compliance with laws and regulations for all employees (monthly)
 Execution of educations on internal control	<ul style="list-style-type: none">· Education on whistleblower system· Internal control education on embezzlement accidents of other financial institutions· Education for managers who are in charge of internal control tasks of branches
 Execution of pre-monitoring for compliance with laws and regulations and internal control	<ul style="list-style-type: none">· Execution of pre-monitoring for key matters stipulated in compliance operational rules (194 cases in 2021 and 207 cases in 2022)
 Internal control inspection	<ul style="list-style-type: none">· Review of key matters such as concurrent employment of employees and executives, delegation of group tasks, shared use of facilities such as sales branches, status of customer information sharing, and joint advertisement
 Risk management on legal violations	<ul style="list-style-type: none">· Management of amendments of external legislation· Management of legal violation risk through legal consulting for subsidiaries, based on the legal affairs trust contract between the holding company and the subsidiaries

Superior Subsidiary Selection System

The BNK Financial Group is conducting a superior subsidiary selection system for the compliance segment to strengthen the compliance control tower functions of the holding company and to enhance communication channels related to compliance. The superior subsidiary selection system represents the system designed to monitor the compliance status of each subsidiary and reward those with exemplary compliance performance. The 2022 compliance monitoring was conducted semi-annually and the subsidiaries were categorized into two groups based on their nature and size for differentiated monitoring items. We strive to reflect our efforts to enhance the compliance capabilities of our subsidiaries in the evaluation.

Group of Superior Subsidiary Selection System



Selected one affiliate with excellent internal control for each group

Ethical Finance

Ethical Management

Whistle-blowing Program

The BNK Financial Group operates a whistle-blowing system through which any violations of ethical management and practice guidelines can be reported to the group's compliance officer. Through this, we are preventing ethical and legal issues and taking actions promptly in case of violations. Employees can access the instructions and procedures for the whistle-blowing system through our website. The report submitted through the whistle-blowing system and the person who reports using this system are anonymously managed.

In addition, the 'BNK Help-Line' was established through an external organization (Red Whistle) completely separated from the internal website to maximize the convenience of reporters' information protection and anonymous reporting. We will continue to improve accessibility through ongoing system improvements and operate a more systematic whistle blowing process.

Furthermore, the BNK Financial Group distributes stickers and screensavers to raise awareness of the insider reporting system. Moreover, in the case of the holding company, we are striving to improve awareness of the whistle-blowing system by making it mandatory to check the information screen when accessing the legal compliance system that employees must access every month. Going forward, we will continue to improve the accessibility of the insider reporting system through continuous system updates and operate a systematic reporting process.



신고서 작성 예

조직명	BNK 투자증권
제 목	직장 내 괴롭힘 신고
내 용	OO부서 OOO과장이 2022년 1월부터 지금까지 지속적으로 저에게 욕설과 폭언을 하면서 왕따시키고 있어요
비밀번호	***** 영문/숫자/특수문자를 포함한 5자리 번호를 신고자가 직접 설정
주의사항	신고서 제출 후 6자리의 고유번호 부여 고유번호는 재발행 되지 않으므로 반드시 메모



신고서 작성 주의사항

- ✔ 비밀번호와 고유번호는 재발행 불가
- ✔ 처리결과 확인을 위해 별도 메모 필요
- ✔ 신고자를 추정할수 있는 사항은 기재하지 않도록 주의
- ✔ 파일 첨부 시 파일 속성에 사용자 정보 삭제 필수



Screensaver for promoting the whistle-blowing system

헬프라인 접속 방법



Red whistle guide

INTRODUCTION
ESG STRATEGY & PROGRESS
FOCUS AREA
ESG MANAGEMENT
Environmental Finance
Environmental Management
Green Finance
Socially Responsible Finance
Digital Finance
Customer-centered Finance
Information Protection
Innovative Finance
Financial Inclusion
Win-Win Finance
Corporate Culture
Talent Development
Contribution to Local Community
Ethical Finance
Governance
Risk Management
Ethical Management
APPENDIX

Ethical Finance

Ethical Management

Ethical Education

The BNK Financial Group conducts ethical management education regularly in order to enhance the ethical and legal compliance awareness of employees and to establish a transparent corporate culture. In particular, monthly topics are selected among violations that may occur during work; and by providing education on related laws and previous rulings, compliance awareness is being improved. Moreover, trainings on the code of ethics, anti-money laundering, and insider reporting system are provided to newly appointed departments, offices, and store managers.

Category	Topics	Annual education time per person
Busan Bank	Education on compliance with regulations and compliance monitoring	12 hours
	Education on prevention of sexual harassment	
	Education for internal auditors	
	Conduct self-ethical education for poorly performing offices	
	Monthly self-inspection for gender sensitivity	
	Education on whistleblower system (two times per year)	
	Execution of compliance level-up using KBI TUBE (educational contents of the Korea Banking Institute)	
Kyongnam Bank	Execution of training related to business of reporting asset-based profit provision	15 hours
	Ethical management education for PB and new bankers	
	Adaptability enhancement training for employees hired in the manner of ad-hoc recruitment (understanding of ethical management)	
	Cyber training for preventing sexual harassment at the office	
	Accident prevention training for each branch	
	Meeting and training for the person in charge of auditing for each regional operating branch	
	Theme notifications and education for the enhancement of financial accident prevention and internal control activities (practicing the 4Rs of internal control – responsibility, reality, review and report)	

Anti-corruption and Bribery Prohibition System

The BNK Financial Group complies with the ‘Improper Solicitation and Graft Act’ and fundamentally prohibits inappropriate solicitation and bribery. In case money or gifts are received inevitably, employees are required to return it immediately and fill out the ‘money, gift, return report’ within three business days and report it to the department head through the compliance officer of the relevant department. In the event that returning is difficult for some reason, the reason must be reported to the compliance officer and the department head, and the acquired goods will be used for social contribution purposes such as donating to neighbors or to charity organizations. Reported matters are recorded and managed in the report ledger by the person in charge of compliance in the relevant department.

Prohibited Matters for Ethical Management

Operation of goods and entertainment accepting report program

We are operating a goods and entertainment accepting report system according to the Ethical Management Regulation Practice Guideline.

When goods or entertainment are received, employees are required to fill out a goods and entertainment reception report and report it to their department head or the compliance monitor department and return the money or entertainment received to the provider.

No. of reports for receiving money or entertainment in 2022

0

Ethical Management

Money Laundering Prevention System

The BNK Financial Group established internal control policies for the group and revised regulations on money laundering prevention work. This was to completely renew the money laundering prevention system for the entire group. Through this, we will preemptively respond to illegal money laundering and money laundering prevention regulations. Furthermore, we will upgrade the standardization of management capacities of each subsidiary while also enhancing the risk control levels of the entire group.

In particular, Busan Bank and Kyongnam Bank implemented the ‘customer verification pre-approval system’ to prevent violations of the ‘Act on Reporting and Using Specified Financial Transaction Information’ and to respond preemptively to regulations of supervisory authorities. Through this, we reinforced the appropriateness of data input for corporate organizations and internal control resulting from missing documents for verifying actual owners. Aside from this, we check the suspicious transaction document through the money laundering prevention system using the RPA. Through this, we are providing information on suspicious transactions to branch workers to control risks of violating laws, while reinforcing the monitoring system for high-risk transactions such as virtual assets, etc. In addition, Kyongnam Bank is taking all possible measures, through the enhancement of anti-money laundering systems in 2022, to introduce a business system superior to the existing one in order to prevent money laundering.

The BNK Financial Group developed annual education plans and conducts customized education for employees and executives. Education on preventing money laundering is being carried out for outside directors and management of the holdings company and subsidiaries through the ‘Outside Director Workshop’ and the ‘Group Internal Control Consultative Body’. This provides education for auditors and compliance monitors of the external holdings company and subsidiaries. Education and training for ‘preventing money laundering and public threat fund procurement’ were conducted for all employees within the group. In addition, we are concurrently conducting direct training and online courses for management and outside directors, tailored according to the specific circumstances of each company.

Furthermore, the BNK Financial Group is striving to foster experts in money laundering prevention. Busan Bank and Kyongnam Bank conduct video-conference training and cyber training more than seven times per year for branch employees to enhance the capabilities related to money laundering prevention. Moreover, Busan Bank and Kyongnam Bank introduce KPI bonus point programs for those who acquired certifications related to money laundering prevention, and are striving to foster experts in this area.

Obtainment of Money Laundering Prevention Certificates and Education Status

Education Contents	Busan Bank		Kyongnam Bank	
	Personnel Receiving Education	Education hours per person	Personnel Receiving Education	Education hours per person
Obtainment of Certified Global Sanctions Specialist (CGSS) certification ¹⁾	2 persons	-	-	-
Obtainment of international CAMS (Certified Anti-Money Laundering Specialist) certification	15 persons	-	15 persons	-
Money Laundering Prevention Core Agent (Expert/Basic) certification	187 persons (accumulated 1,618 persons)	-	(accumulated 733 persons)	-
Understanding of the latest money laundering prevention system	Management: 23 persons Outside directors: 5 persons	8 hours	Management: 21 persons Outside directors: 5 persons	8 hours
Conducted cyber training for reporting officer of money laundering	216 persons	8 hours	-	-
Conducted cyber training for branch employees	241 persons	20 hours	1,368 persons	5 hours
Branch Video conference training	All employees	30 minutes each session (7 times per year)	127 persons	20 minutes each session
Strengthened the capacity of branch supporters and conducted job training	-	-	11 persons	2 hours
Branch collective training	-	-	All employees	30 minutes per month (12 times per year)

1) The highest level certification related to money laundering

INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

ESG MANAGEMENT

Environmental Finance

Environmental Management
Green Finance

Socially Responsible Finance

Digital Finance
Customer-centered Finance
Information Protection
Innovative Finance
Financial Inclusion
Win-Win Finance
Corporate Culture
Talent Development
Contribution to Local Community

Ethical Finance

Governance
Risk Management
Ethical Management

APPENDIX

Ethical Finance

Ethical Management

Enhancement of Fair Trading

Compliance with Market Orders

The BNK Financial Group conducts bi-annual inspections of all stock transactions carried out by its employees within the group, in an effort to prevent unfair trading practices. The security affiliates inspect appropriateness of transactions of financial investment instruments on a monthly basis to prevent the violations of the Capital Markets Act and unfair trading. BNK Securities has not only encouraged employee's voluntary reporting but also has submitted personal information consent forms of its employees to the Korea Exchange, and in 2022, it identified cases of unfair self-trading and imposed disciplinary actions.

The BNK Financial Group conducts quarterly inspections to prevent unfair internal transactions between subsidiaries, verifying compliance with the Fair Trade Act, Financial Holding Companies Act and other applicable laws and regulations. Pursuant to the group's internal transaction management guidelines, the holding company conducts quarterly reviews on the subsidiaries to ensure there are no actions that violate fairness, such as the provision of funds, assets, or manpower in internal transactions, or transactions under favorable terms. A total of 3,983 transactions for new and existing contracts based on the year of 2022 has been reviewed, and the compliance officer has reported significant matters to the CEO or Audit Committee in accordance with the internal regulations.

Additionally, the department responsible for internal transactions within the group prepares a pre-inspection checklist for appropriateness on internal transactions to self-check the appropriateness of internal transactions and in case where it is difficult to make a judgment, a system has been set to refer to the compliance monitoring department for verification.

2022 Inspection on Internal Transactions the BNK Financial Group

Quarter	New	Existing	Total
1 st quarter	154	722	926
2 nd quarter	181	869	1,050
3 rd quarter	160	889	1,049
4 th quarter	104	854	958
Total			3,933

Win-Win Management

Exercise of Fair Trade with Partner Companies

The BNK Financial Group is continuously striving to establish a fair competition and transparent trading order. BNK system regularly discloses the bidding information through an integrated purchase system, creating a fair competition environment among companies participating in bidding and practicing fair trade. In addition, we ensure fairness and appropriateness in transactions by participating in and inspecting contractual tasks such as bids, supplier selection, and payment of money. Delivery and inspection timelines are computerized to efficiently address and manage the issues that arise during the transaction process.

Furthermore, BNK system regularly conducts training on relevant laws (Fair Trade Act, Subcontracting Act, etc.) to strengthen the capabilities of realizing the fair trade of the person in charge of purchase. This enhances the transparency of contract relationships with partner companies by enforcing the collection of an implementation memorandum of integrity agreement to improve the transparency of contract work. Moreover, we regularly check whether the person in charge of purchasing is abiding by the ethics and duty of good faith through our regulatory compliance system.

Win-Win Activities of Partner Companies

The BNK Financial Group continuously strives for win-win with partner companies. Kyongnam Bank is continuously improving the work environment of its partner companies by newly investing in new office and resting spaces every year. In 2022, we established a new IT development center in the capital region, providing individual workspaces for employees of our partner companies. Furthermore, we improved working conditions for local partner employees through renovations of the BPR Center's kitchen facilities.

In 2022, BNK system enhanced the convenience of partner companies by computerize the invoice billing documents and certification applications through the establishment of an integrated purchasing system. Additionally, we have streamlined the inspection request process to facilitate the smooth execution of the invoice submission procedure by our partners. Through such efforts, we are reducing the payment period for partnership companies, adhering to the principle of cash payments to foster mutual growth with our partner companies, and implementing computerized operations to prevent delay in payment timing.

INTRODUCTION
ESG STRATEGY & PROGRESS
FOCUS AREA
ESG MANAGEMENT
Environmental Finance
Environmental Management
Green Finance
Socially Responsible Finance
Digital Finance
Customer-centered Finance
Information Protection
Innovative Finance
Financial Inclusion
Win-Win Finance
Corporate Culture
Talent Development
Contribution to Local Community
Ethical Finance
Governance
Risk Management
Ethical Management
APPENDIX

- INTRODUCTION
- ESG STRATEGY & PROGRESS
- FOCUS AREA
- ESG MANAGEMENT
- APPENDIX
 - Creating Financial Synergy
 - ESG DATA
 - ESG Impact Measurement
 - Global Initiative
 - GRI Index
 - SASB Index
 - TCFD Index
 - UN SDGs Index
 - UN PRB Index
 - UNGC Index
 - Global Initiative Membership Status
 - Independent Assurance Statement
 - Greenhouse Gas Verification Statement
 - Awards

Appendix

Creating Financial Synergy	116
ESG DATA	125
ESG Impact Measurement	144
Global Initiative	
GRI Index	146
SASB Index	149
TCFD Index	153
UN SDGs Index	154
UN PRB Index	155
UNGC Index	158
Global Initiative Membership Status	159
Independent Assurance Statement	160
Greenhouse Gas Verification Statement	161
Awards	162

Creating Financial Synergy

BNK Busan Bank



Busan Bank CEO
Bang Sung-bin

Busan Bank is constantly striving to practice ethical finance through correct thinking and proper actions, endeavoring to become the best bank for our customers. As a reliable partner for our customers and local communities, we will lead the way in creating a better society and a brighter tomorrow through warm-hearted finance.

Corporate Info

Founding date	October 10, 1967
Address of headquarters	30 Munhyeongeumyung-ro, Nam-gu, Busan
Homepage	www.busanbank.co.kr
Proprietary capital	5.6703 trillion KRW
No. of employees	2,973

Busan Bank is making great efforts to revitalize the local economy and strengthen the virtuous cycle of the local economy. Focusing on ‘Customer-Centered Finance’ and ‘Coexistence with the Region’ as the top priority, we are expanding financial support for residents, small and medium-sized enterprises (SMEs), and microbusiness owners. We will do our best to provide better value to customers and communities through ESG management.

Busan Bank Major ESG Achievements

Environmental	Social	Governance
<p>Major Matters Promoted</p> <ul style="list-style-type: none">· Operation of renewable energy facilities at business sites and acquired international certification for energy management systems (ISO50001)· Development and sales of eco-friendly financial products Reflection of environmental management factors in corporate credit evaluation· Implementation of volunteer activities to improve the local environment <p>Major Achievements</p> <p>Busan Bank has generated and used approximately 272,616eco-friendly finance, such as in corporate credit ratings, KW of electricity in 2022 through solar power generation facilities, reducing greenhouse gas emissions equivalent to about 125 tons. Through these efforts, we acquired the international standard certification for energy management (ISO50001) in 2022. The bank has put in the effort to practice we reflect environmental management evaluation factors such as environmental management system, contribution to environmental problems, and environment-related certification evaluation within non-financial evaluation items, and we also set lower limits to sectors with high environmental risks. Furthermore, Busan Bank, in collaboration with the institutions located in BIFC where the Busan Bank's headquarters is located, is running the ‘Disposable Cup Zero BIFC Campaign’. We have also carried out local environmental improvement projects such as the ‘Green Busan!’, a fine dust reduction project and the Riverside Park environmental improvement project.</p>	<p>Major Matters Promoted</p> <ul style="list-style-type: none">· Development and sales of local co-existence financial products· Expansion of financial education for the financially vulnerable class· Promotion of social contribution activities for local community benefits· Issuance of ESG bonds (Amount issued in 2022: 150 billion KRW, 20 million in foreign currency) <p>Major Achievements</p> <p>Busan Bank has issued the Busan local currency (Dongbaekjeon) and made efforts to activate its usage for the mutual cooperation with small businesses, citizens, and traditional markets in the Busan area. As a result, it has achieved a total of 1.1 million cumulative members and a total issuance amount of 2.2 trillion KRW. Through various youth-tailored financial products, Busan Bank has supported the asset building of about 4,000 youths in the Busan area. Furthermore, Busan Bank has been recognized for its contributions to conducting various tailored financial education programs, including the operation of the BNK Busan Bank Financial Class APP and financial education for youths and vulnerable groups, receiving the ‘Chairman of the Financial Services Commission Award’ at the 17th Kyunghyang Financial Education Awards.</p>	<p>Major Matters Promoted</p> <ul style="list-style-type: none">· Reflecting the level of ethical management in corporate credit ratings· Strengthening the ethical management system· Strengthening the internal control system for financial consumer protection <p>Major Achievements</p> <p>Busan Bank has been carrying out evaluations, setting detailed items such as the commitment to ethical management, social responsibility, ethical management violation cases, and the level of compliance systems when evaluating corporate credit ratings. Moreover, in order to protect the rights of financial consumers, Busan Bank has regularly held the ‘Financial Consumer Protection Internal Control Committee’ chaired by the bank's president with key executives participating at least semi-annually. Also, the bank has operated the ‘Financial Consumer Protection Internal Control Inspection Team’ to check on the compliance status of laws and regulations for the protection of financial consumers, internal control standards, and financial consumer protection standards.</p>

Creating Financial Synergy



Kyongnam Bank CEO
Ye Kyung-tak

Kyongnam Bank always places utmost value on customer satisfaction and strives to serve as a reliable support that is undisturbed by change or crisis, in order to play a central role in the regional economy. We constantly pursue change and innovation to maintain competitiveness, while doing our best in playing the local bank's inherent role in order to practice 'righteous finance with customers' based on an organizational culture where empathy and fairness come first.

Corporate Info

Founding date	April 18, 1970
Address of headquarters	642, 3.15-daero, Masanhoewon-gu, Changwon, Gyeongsangnam-do
Homepage	www.knbank.co.kr
Proprietary capital	3.6712 trillion KRW
No. of employees	2,271

Kyongnam Bank is committed to achieve sustainable growth in response to the rapidly changing business landscape, including ESG management and digital acceleration, through various innovations. To this end, we are pursuing a broad range of projects to establish a robust ESG management system. In 2021, we took a significant step forward by forming the ESG Committee within the Board of Directors. Building on this progress, we established the ESG Planning Team in January 2023. Furthermore, we are driving various businesses by incorporating ESG elements into the performance evaluations of our headquarters departments. Kyongnam Bank will continue to further strengthen the ESG management system in the ever-changing financial environment and strive for sustainable growth through various innovations.

Kyongnam Bank Major ESG Achievements

Environmental	Social	Governance
<p>Major Matters Promoted</p> <ul style="list-style-type: none">· Eco-friendly practices, response to climate change, environmental protection, energy saving· Launching environmental-related products and services	<p>Major Matters Promoted</p> <ul style="list-style-type: none">· Issuance of ESG bonds· Pursuit of safety and health management· Development and release of local co-existence financial products· Enhanced support for financially marginalized classes	<p>Major Matters Promoted</p> <ul style="list-style-type: none">· Prohibition of incomplete sales and unfair practices· Implementation of digital security and development of personal information leakage prevention plan· Advancement of diversity assurance policies for the BOD
<p>Major Achievements</p> <p>Kyongnam Bank has established a company-wide strategy to respond to climate change and is carrying out various activities to achieve effective energy savings. We strive to reduce carbon emissions by using eco-friendly products when remodeling the branch building and replacing fluorescent lights with LEDs. In addition, the bank participated in 78 local environmental improvement volunteering activities and projects in 2022 such as the creation of a 'Naturalist Garden' in the National Garden of Taehwa River in Ulsan. In this way, Kyongnam Bank will continue to promote ESG business to respond to climate change and save energy.</p>	<p>Major Achievements</p> <p>Kyongnam Bank acquired the Occupational Health and Safety Management System (ISO45001) certification for the first time among local banks in December 2022. Also, as a local bank pursuing mutual growth finance with customers, we achieved the highest rating, 'excellent grade', at the 2022 Financial Company Local Reinvestment Evaluation, fulfilling its social responsibility for practicing ESG management. To strengthen support for the marginalized population, we donate local gift certificates every year and strive to increase banking accessibility by providing mobile bank services in financially marginalized areas. Furthermore, we are continuously promoting various social contribution activities such as essay and art competitions.</p>	<p>Major Achievements</p> <p>Kyongnam Bank is making various efforts to achieve trusted growth by practicing transparent and ethical management. Firstly, to prevent the incomplete sale of financial products, we are strengthening the monitoring and management system of financial investment products, and conducting mystery shopping annually. Additionally, we are working to protect the rights of financial consumers and improve financial products and services through financial consumer rights promotion advisory groups, etc. Through these efforts, Kyongnam Bank is pursuing sustainable growth along with customer trust.</p>

Creating Financial Synergy

BNK Capital



BNK Capital CEO
Kim Sung-joo

BNK Capital is a comprehensive credit specialized financial institution that provides financial services such as personal loans, business loans, lease, installment, corporate financing, and investment financing.

We aim to become a financial partner growing with our customers by expanding digital-based financial services and diversifying our portfolio. BNK Capital is committed to the happiness of our customers.

Corporate Info

Founding date	July 15, 2010
Address of headquarters	1 Saessak-ro, Busanjin-gu, Busan
Homepage	www.bnkcapiat.co.kr
Proprietary capital	1,199.2 billion KRW (as of December 31)
No. of employees	474

BNK Capital has achieved continuous growth in the rapidly changing financial environment through customer-centric digital innovation and strengthened service capabilities. Always prioritizing our customers' interests, we will fulfill our missions of corporate social responsibilities. BNK Capital strives to repay the faith and trust of our customers.

BNK Capital Major ESG Achievements

Environmental	Social	Governance
<p>Major Matters Promoted</p> <ul style="list-style-type: none">· Expansion of eco-friendly vehicle supply· Increase in the proportion of pre-purchase of eco-friendly vehicles· Preferential limits for secured loans for eco-friendly vehicles (EVs)	<p>Major Matters Promoted</p> <ul style="list-style-type: none">· Conducting HAPPY SHARING events at overseas corporations· Participating in the Love Newspaper Sharing campaign· Participating in the Samgyetang Sharing campaign and the Kimchi Sharing campaign· Implementing monthly social contribution activities involving employees	<p>Major Matters Promoted</p> <ul style="list-style-type: none">· Announcement regarding compliance with the Code of Ethics· Implementation of insider reporting system education
<p>Major Achievements</p> <p>BNK Capital has expanded its pre-purchase proportion of eco-friendly vehicles in 2022 to facilitate the supply of such vehicles. The number of eco-friendly vehicles purchased in 2022 has increased to 2,223 units (48%), compared to 747 units (24%) in 2021. Additionally, through preferential vehicle recognition rates compared to general vehicles, customers who set up collateral with eco-friendly vehicles (EVs) are granted additional limits. Here, the vehicle recognition rate refers to the ratio that ultimately recognizes the evaluated value of the collateral vehicle, considering the market price, accident history, etc., as the vehicle limit. For EVs, it acknowledges 120%, and for other general vehicles, it acknowledges 100%. This preferential limit policy aims to encourage the purchase of eco-friendly vehicles and contribute to the reduction of carbon emissions.</p>	<p>Major Achievements</p> <p>BNK Capital is making various efforts to strengthen local co-existence activities. We make regular donations to the underprivileged in the overseas markets and provide cultural services to the information-vulnerable through the Newspaper Sharing Campaign. In addition, we participate in sharing events for the local vulnerable groups and carry out monthly social contribution activities involving employees, including sharing with neighbors in the community who are marginalized and in need of support.</p>	<p>Major Achievements</p> <p>BNK Capital is cultivating a culture to strengthen ethical management. First, by alerting all employees of the code of ethics twice a year, the company has strengthened their awareness of ethics. The company has banned monetary lending and gift exchange among employees, which created a culture of mutual respect and prohibited the private use of company property. Additionally, through education on the insider reporting system, we have educated various channels for reporting and types of reportable subjects, thereby creating and reinforcing an environment where various issues arising within the company can be reported and voluntarily participate in ethical management.</p>

Creating Financial Synergy

BNK Securities



BNK Securities CEO
Kim Byung young

BNK Securities implements management for growth and sharing with the goal of mutual development with customers, employees, and the community that is in accordance to the management principle of sustainable growth, job creation, and social contribution. We will continue to do our best to grow as Korea's representative financial investment company through distinguished specialization strategies.

Corporate Info

Founding date	June 2, 1997
Address of headquarters	1 Saessak-ro, Busanjin-gu, Busan
Homepage	www.bnkfn.co.kr
Proprietary capital	1.0643 trillion KRW
No. of employees	370

BNK Securities started out as a futures trading company in 1997 but was converted into a securities company in 2009. Starting with investment brokering and investment transactions businesses in 2009, we have now grown into a comprehensive securities company that acquired over-the-counter derivatives authorization. In 2021, we have achieved continued growth such as achieving the highest current net profit in our history in 2021. In 2022, we wisely overcame the crisis in the financial market. BNK Securities is continuously expanding market competitiveness through business innovation and specialized/customized sales strategies in the fiercely competitive environment of the financial investment industry. We will continue to strive to become a leading securities company in the Korean securities market.

BNK Securities Major ESG Achievements

Environmental	Social	Governance
<p>Major Matters Promoted</p> <ul style="list-style-type: none">· Promotion of eco-friendly finance· Employee participation in an eco-friendly office environment	<p>Major Matters Promoted</p> <ul style="list-style-type: none">· Operation of employee welfare system· Reinforcement of mobile securities trading system (MTS)<ul style="list-style-type: none">- Improved functions such as providing large fonts for seniors in 'senior mode' and simplifying product sign-up process- Opening new screens such as MTS Fund and MTS Counsel	<p>Major Matters Promoted</p> <ul style="list-style-type: none">· Conducting preliminary reviews in terms of financial consumer protection when developing new products· Applying business regulations when selling products· Reinforcing follow-up management after product sales
<p>Major Achievements</p> <p>BNK Securities is participating in the group's carbon neutrality (Net Zero) efforts and is also interested in eco-friendly investments such as renewable energy. Also, through the expansion of a paperless office environment, we are striving for a reduction in resource usage.</p>	<p>Major Achievements</p> <p>BNK Securities is operating various employee welfare systems. Firstly, we manage welfare systems including group accident insurance, medical expense support, and hobby club activity support. Furthermore, we are making efforts from various angles including reducing working hours for employees with children, expanding family participation programs, and introducing a concentrated work system to create a better working environment for its employees.</p> <p>In addition, we have reorganized the Mobile Securities Trading System (MTS) for customer accessibility and transaction convenience. As a result, we were awarded the Grand Prize in the MTS category of the Consumer's Choice Award, hosted by The Chosun Ilbo, in 2022.</p>	<p>Major Achievements</p> <p>BNK Securities is taking various measures to protect financial consumers. When developing new products, we conduct a preliminary review from the perspective of protecting financial consumers and apply sales regulations when selling products to guide appropriate products and strengthen the obligation to explain financial products. In addition, we are preventing incomplete sales by strengthening follow-up management after sales, including monitoring and conducting mystery shopping internally.</p>

Creating Financial Synergy

BNK Savings Bank



BNK Savings Bank CEO
Myung Hyung-guk

BNK Savings Bank is an institute specializing in small loans. We also focus capabilities on practicing financial inclusion and financial support for ordinary people and SMEs with the goal of diligently fulfilling our inherent role and establishing a small loan financing ecosystem.

Corporate Info

Founding date	December 13, 2011
Address of headquarters	92 Beomil-ro, Dong-gu, Busan
Homepage	www.bnksb.com
Proprietary capital	223.2 billion KRW
No. of employees	137

Launched in 2012, BNK Savings Bank is doing its best to provide a higher level of financial services. We are focusing on building and providing a more convenient digital financial infrastructure and to increase the value of finance with greater consideration and respect for customers. All of our staff are striving to become an exemplary savings bank that leads the industry as the pride of customers and community.

BNK Savings Bank Major ESG Achievements

Environmental	Social	Governance
<p>Major Matters Promoted</p> <ul style="list-style-type: none">· Minimization of Resource Use- Digitization of various meeting materials through the use of tablet PC- Approval and reporting tasks : Utilization of groupware electronic approval and electronic reporting- Minimization of paper printings (actively utilizing double-sided, 2-page printing on one side when printing)	<p>Major Matters Promoted</p> <ul style="list-style-type: none">· Consumer Rights Protection- Enhanced promotion to prevent financial fraud in contactless withdrawal and transfer transactions- Continuous posting of consumer alert information issued by the Financial Supervisory Service on the homepage· Social Contribution Activities- Agreement to support modern pentathlon business team- Support for marginalized classes (Busan Social Welfare Center)- Monetary donations to the Korean Red Cross- 'One School from One Company' financial education talent donation	<p>Major Matters Promoted</p> <ul style="list-style-type: none">· Strengthening BOD Expertise- Stipulating the constitution of non-executive directors with expertise- Enhancing the specializations within the committees of the BOD· Fortifying Ethics/Legal Compliance Awareness- Conducting online and offline training for employees- Implementing ethical education during online training, training for new staff, and position-based training
<p>Major Achievements</p> <p>BNK Savings Bank strives for efficiency in operations and the implementation of eco-friendly management and green finance practices. First, we seek to standardize repetitive reporting tasks through electronic reporting and minimize printing by avoiding paper reports. Furthermore, we actively strive for digitalization by maximizing the use of verbal and electronic methods.</p>	<p>Major Achievements</p> <p>BNK Savings Bank is actively engaged in various activities aimed at local co-existence. First, we are generously supporting unpopular sports through an agreement with the Busan City Sports Association and providing aid for the locally marginalized communities. In addition, we annually conduct a 'One School from One Company' finance education program for local students, making it easy and fun to understand finance. Furthermore, in order to protect the rights of consumers who are relatively financially vulnerable, we are strengthening internal controls and diligently fulfilling the promotion of consumer rights.</p>	<p>Major Achievements</p> <p>BNK Savings Bank has bolstered the company's transparency and credibility, and improved risk management capabilities by enhancing the expertise of its committees. Additionally, we have established a mechanism to fulfill our social obligations by conducting compliance and ethics training for internal executives and staff, and we are doing our best efforts to create social value and promote sustainable management.</p>

Creating Financial Synergy

BNK Asset Management



BNK Asset Management CEO
Bae Sang-hwan

BNK Asset Management is doing our best to manage customer assets based on our asset management philosophy of long-term perspective, value-based, research-oriented, and consistent management principles. Furthermore, we will continue our efforts to become the ‘most trusted asset management company among customers’ by practicing sustainable management.

Corporate Info

Founding date	July 15, 2008
Address of headquarters	21st Flr., 32 Gukjegeumyungro 2-gil (Yeouido Finance Tower), Yeongdeungpo-gu, Seoul
Homepage	ww.bnkasset.co.kr
Proprietary capital	158.8 billion KRW
No. of employees	84

Since its incorporation into the group in 2017, BNK Asset Management has improved its financial structure through capital increase based on the dedication to strategic fostering. It has been growing continuously by further developing its expertise as a comprehensive asset management company by maintaining top performance in traditional assets such as stocks and bonds as well as through investments in blue chip assets such as real estate in key areas. Under the ESG management policy, we will continue to launch distinguished products such as ESG funds, TFD, and ETF and manage them stably to become an asset management company that contributes to building wealth for customers.

BNKAsset Management Major ESG Achievements

Environmental	Social	Governance
<p>Major Matters Promoted</p> <ul style="list-style-type: none">· BNK Sustainable ESG Fund Management· Minimization of Resource Use	<p>Major Matters Promoted</p> <ul style="list-style-type: none">· Launch of ETF product considering shareholder return policy for ESG management practice	<p>Major Matters Promoted</p> <ul style="list-style-type: none">· Following compliance· Strengthen the internal control system to block unsound business activities in advance
<p>Major Achievements</p> <p>BNK Asset Management strives to become a leading management company in sustainable finance through the operation of the ‘BNK Sustainable ESG Fund’, which invests in companies with excellent environmental (E) grades among ESG ratings. This means, we are operating a ‘fund that prioritizes earning rate while investing in good companies’ for companies preparing for the future , environment and shareholders. In addition, BNK Asset Management is conducting various activities to save resources and reduce energy waste. We are trying to reduce the use of plastic cups by promoting the use of in-house coffee machines. In addition, energy protectors are designated for each department, and all electrical appliances such as air conditioners and PCs are turned off when leaving work to prevent unnecessary power consumption. Through these efforts, we will continue to contribute to environmental protection and pursue sustainable energy use.</p>	<p>Major Achievements</p> <p>BNK Asset Management launched the ‘BNK Shareholder Value Active ETF’, which invests intensively in companies that actively repurchase their stocks and increase their dividend rates to practice ESG management. The fund was launched as shareholder return policy and recognized as an essential value pursued by companies due to the spread of ESG management culture.</p>	<p>Major Achievements</p> <p>BNK Asset Management supplies products flexibly according to customer needs, and is developing financial investment products to suit the omni-directional risk management system. We established a separate risk management and compliance organization to strengthen internal control, and we are minimizing the possibility of compliance violations through preemptive risk management. By doing so, we achieved no accidents in the company, fund and employees for the past five years. And we are enhancing reliability through the ethical management of customer assets and by achieving outstanding management performance.</p>

Creating Financial Synergy

BNK Venture Capital



BNK Venture Capital CEO
Kim Sang-Yun

The management philosophy of BNK Venture Capital is ‘technology and the market are complementary.’ By serving as a stepping stone for building an ecosystem of specialized venture companies and innovative ventures for each sector, we will do our best so that venture companies can flourish.

Corporate Info

Founding date	March 24, 2009
Address of headquarters	12th Fl., 398 Seocho-daero, Seocho-gu, Seoul (Seocho-dong BNK Digital Tower)
Homepage	www.bnkvc.co.kr
Proprietary capital	53.2 billion KRW
No. of employees	22

BNK Venture Capital was established in March 2009 and became part of the BNK Financial Group in November 2019, and it is doing its best to become a venture capital supplier wherein stockholders, investors, investment companies, and employees can all be satisfied as partners in continuous growth. In particular, we will strive to establish a healthy industrial ecosystem for the Republic of Korea by discovering sustainable and eco-friendly high-tech companies in major investment areas such as the fourth industrial revolution, renewable energy, and bio and agricultural and fisheries industries.

BNK Venture Capital Major ESG Achievements

Environmental	Social	Governance
<p>Major Matters Promoted</p> <ul style="list-style-type: none">· Review on reflecting ESG factors to the investment decision-making process· Review the establishment of ESG policies· Review the target setting for ESG risk evaluation	<p>Major Matters Promoted</p> <ul style="list-style-type: none">· Discover new growth engines for local economy through expanding investments in innovative companies within southeastern regions and outside of the metropolitan area.· Develop and pursue climate change response strategy, increase investments in eco-friendly alternative energy linked to policy funding	<p>Major Matters Promoted</p> <ul style="list-style-type: none">· Review the implementation of an ethical management system and establishment of anti-corruption policies· Organize the internal regulation system to construct an ethical management system
<p>Major Achievements</p> <p>BNK Venture Capital is building a system to establish and review ESG policies and reflect them to the investment process. Increases in investments are being pursued in the environmental and climate tech sectors in accordance with the sustainable growth of the ESG sector. In 2022, we invested 7.5 billion KRW in five companies operating in the eco-friendly and alternative energy sectors through the investment association we manage.</p> <p>Additionally, in order to expand investments in the eco-friendly and alternative energy sectors, we formed three additional investment association worth a total of 70 billion KRW linked with policy funds.</p>	<p>Major Achievements</p> <p>BNK Venture Capital pursues investing in innovative companies in the Southeastern regions and outside of the metropolitan area while searching for new growth engines for the local economy. For this, we have focused investments worth 16 billion KRW and 11 billion KRW in 12 companies and 6 companies of the Southeastern regions and outside of the metropolitan area, respectively, in 2022.</p> <p>We also made investment associations with subsidiaries to increase investments in innovative companies, and we are doing our best to support innovative companies in various ways such as actively pursuing investments for climate change response.</p>	<p>Major Achievements</p> <p>BNK Venture Capital has completed the enactment and revision of various regulations to construct an ethical management system. This includes: detailing investment and follow-up management regulations, strengthening risk management and internal control, requiring ethical standards pledges and compliance pledges to employees, and conducting a variety of other mandatory ethical management education. Through this, we have reorganized the internal regulation system, and we are close to achieving a high level of ethical awareness.</p>

Creating Financial Synergy

BNK Credit Information



BNK Credit Information CEO
Kang Sang-gil

BNK Credit Information aims at contributing to the sustainable growth of society through ESG management. Through the establishment of a new corporate culture by building a second basis for growth, we are doing our best for harmony with the local community and to create social values.

Corporate Info

Founding date	June 17, 2003
Address of headquarters	92 Beomil-ro, Dong-gu, Busan
Homepage	www.bnkci.co.kr
Proprietary capital	23.1 billion KRW
No. of employees	71

BNK Credit Information is a credit information company representing Busan, Ulsan, and Gyeongnam. Having established an ESG management system, we are doing our best to fulfill our social responsibilities to the community. We are looking for change and innovation to respond to new environmental shifts by setting quality and ethical management, discovery of new growth engines, and strengthening of innovative capacities as our management policies. As a financial consultant for improving asset quality for creditors and a reliable partner for happiness that can help debtors when they are facing difficulties, we are actively realizing happy finances with warm debt collection that can give hope.

BNK Credit Information Major ESG Achievements

Environmental	Social	Governance
<p>Major Matters Promoted</p> <ul style="list-style-type: none">· Greenhouse gas reduction activities· Reinforcement of eco-friendly win-win cooperation· Expansion of eco-friendly product purchases· Electronic documents, mobile electronic notices	<p>Major Matters Promoted</p> <ul style="list-style-type: none">· Hosting a Happy Hope Sharing event· Expanding the financial safety net for the rehabilitation and comeback of marginalized classes	<p>Major Matters Promoted</p> <ul style="list-style-type: none">· Conducting anti-corruption training and rescuing organizational culture· Executing an ethical management practice pledge· Sound and fair credit management
<p>Major Achievements</p> <p>BNK Credit Information is making great efforts in its business areas to reduce greenhouse gas emissions and energy consumption. To minimize the emissions caused by business trips, we reducing non-essential travel and maximizing the use of conferencing systems and messengers. We also promote the use of stairs over elevators to achieve these objectives. Additionally, we maintain a suitable indoor temperature and discourage any unnecessary use of electricity. Furthermore, we utilize financial products related to the environment to strengthen eco-friendly mutual cooperation, and verify whether suppliers or partners are eco-friendly company when making purchases or selections.</p>	<p>Major Achievements</p> <p>BNK Credit Information is making various efforts to practice corporate sharing management and spread local sharing. We are reinforcing our support for recovering credit for the financially vulnerable groups such as extension of debt repayment periods, extended periods for allowing installment payments of debts, exclusion of assets needed for everyday life from collection, and increase of overdue interest deductions, etc. for low-income debtors such as those receiving basic life support and employment subsidies. In addition, since 2016, we have held the 'Happy Hope Sharing Event' every year on holidays, delivering hope sharing packages to the families of customers who are faithfully repaying their debts despite difficult family circumstances.</p>	<p>Major Achievements</p> <p>BNK Credit Information has set quality and ethical management as its management principle, and it engages in fair and transparent operations based on a high level of ethical values. Furthermore, we are strengthening education and monitoring with regard to fair collection methods as well as the Personal Information Protection Act; thus achieving 'zero complaints' as the lowest in the credit information industry. We will continue to establish sound credit order as well as a transparent, fair organizational culture.</p>

Creating Financial Synergy

BNK System



BNK System CEO
Kim Young-Moon

BNK System offers stable and distinguished financial IT services while also developing application technologies. This integrates IT technologies in the rapidly changing financial environment to contribute to the advancement of the IT work environment. Based on financial IT experts and development experience in the financial sector, we will develop as a key subsidiary for providing the best IT services that will lead future sustainable growth.

Corporate Info

Founding date	May 20, 2011
Address of headquarters	21 Mieumsandan-ro 127-beongil, Gangseo-gu, Busan
Homepage	www.bnksys.co.kr
Proprietary capital	23.4 billion KRW
No. of employees	256

As an 'IT service leader that guides digital finance,' BNK System is growing continuously by expanding its service areas and with qualitative improvements. In other words, it is expanding its roles such as group IT integration, expansion and building of financial and digital solutions, and strengthening of digital transformation promotion capacities while securing competitiveness. Furthermore, by continuously finding and providing various digital services for the goal of achieving work efficiency for subsidiaries, we are enhancing group synergy effects. We are also striving for coexistence with the region by discovering promising local IT companies, hiring local human resources, and supporting marginalized classes.

BNK System Major ESG Achievements

Environmental	Social	Governance
<p>Major Matters Promoted</p> <ul style="list-style-type: none">· Continuous promoting of paperless policies through the entire IT integrated purchase work· Replacement and expansion of high-efficiency energy equipment· Implementation of social contribution volunteer activities related to environmental purification· Expansion of the conversion of work vehicles to eco-friendly vehicles	<p>Major Matters Promoted</p> <ul style="list-style-type: none">· Reinforcing management of partners· Acquiring information security management system (ISMS) certification	<p>Major Matters Promoted</p> <ul style="list-style-type: none">· Executing an ethical management practice pledge (anti-corruption) by related personnel· Developing a purchasing system and strengthening transaction transparency· Conducting regular (semi-annual) special audits related to inspection of anti-corruption practices
<p>Major Achievements</p> <p>BNK Systems is consistently pushing for digitization and paperless operation to enhance business efficiency. The restructuring of the electronic procurement system has achieved workflow simplification and a paperless environment. We are striving to minimize energy waste and emission of pollutants by replacing equipment with energy-efficient ones and converting work vehicles to eco-friendly ones. Additionally, we have conducted social responsibility volunteer activities through environmental purification activities like plogging.</p>	<p>Major Achievements</p> <p>The BNK system has established and acquired an Information Security Management System (ISMS) certification to strengthen information security capabilities and ensure service stability. In addition, vulnerability assessments are conducted to protect key internal information assets. Through the assessment results, we identify risks and manage them through the establishment of risk management plans and continuous verification of whether actions have been completed.</p>	<p>Major Achievements</p> <p>Through the Integrated Purchase System, we are conducting fair trade by providing opportunities for our business partners to freely participate and create a fair competitive environment, and transparent selection of contract companies. Furthermore, we improved the convenience of our business partners for strengthening the transparency of contract businesses through regular education and inspection, and computerization. We will continue these efforts to establish a culture of anti-corruption and fair trade, and for mutual growth with our partner companies.</p>

- INTRODUCTION
- ESG STRATEGY & PROGRESS
- FOCUS AREA
- ESG MANAGEMENT
- APPENDIX
 - Creating Financial Synergy
 - ESG DATA
 - ESG Impact Measurement
 - Global Initiative
 - GRI Index
 - SASB Index
 - TCFD Index
 - UN SDGs Index
 - UN PRB Index
 - UNGC Index
 - Global Initiative Membership Status
 - Independent Assurance Statement
 - Greenhouse Gas Verification Statement
 - Awards

ESG Data

Financial Performance

Summary of Consolidated Statements of Financial Position

Category	Unit	2020	2021	2022
Total assets	100 million KRW	1,141,569	1,282,870	1,369,664
Total liabilities	100 million KRW	1,045,306	1,180,638	1,261,341
Total equity	100 million KRW	96,263	102,232	108,323
Total liabilities and equity	100 million KRW	1,141,569	1,282,870	1,369,664

Summary of Consolidated Statements of Comprehensive Income

Category	Unit	2020	2021	2022
Operating income	100 million KRW	7,482	10,920	11,589
Income before income tax expense	100 million KRW	7,344	11,232	11,587
Consolidated net income	100 million KRW	5,626	8,342	8,583
Total comprehensive income	100 million KRW	5,265	7,754	8,201

Operating Income by Business Division

Category	Unit	2020	2021	2022
Banking	100 million KRW	40,212	38,802	54,318
Financial investment	100 million KRW	2,903	5,794	8,851
Loans	100 million KRW	8,011	9,858	11,287
Savings	100 million KRW	634	851	1,009
Other	100 million KRW	4,185	4,187	5,208

Soundness Indicator: Composition of Leverage of the Bank for International Settlements (BIS)

Category	Unit	2020	2021	2022
Core capital (Tier 1)	100 million KRW	87,290	91,032	95,565
Amount of exposure among Basel III Tier 1 ratio ¹⁾	100 million KRW	1,259,694	1,404,629	1,492,864
Basel III Tier 1 ratio (%)	%	6.93	6.48	6.40
Basel III Risk Weighted Assets	100 million KRW	767,024	717,679	745,963
Basel III Tier 1 Capital ratio	%	11.38	12.68	12.81

1) Amount change in 2021 due to change in closing of accounts in 2021

INTRODUCTION
ESG STRATEGY & PROGRESS
FOCUS AREA
ESG MANAGEMENT
APPENDIX
Creating Financial Synergy
ESG DATA
ESG Impact Measurement
Global Initiative
GRI Index
SASB Index
TCFD Index
UN SDGs Index
UN PRB Index
UNGC Index
Global Initiative Membership Status
Independent Assurance Statement
Greenhouse Gas Verification Statement
Awards

ESG Data

Financial Performance

Creation and Distribution of Direct Economic Values						
Category			Unit	2020	2021	2022
Creation of direct economic values			100 million KRW	52,124	55,807	75,628
	Wage and welfare benefits of employees		100 million KRW	9,793	11,172	9,879
Distribution of economic value	Payment of dividends and interests	Payment of dividends	100 million KRW	1,038	1,817	2,028
		Payment of interests	100 million KRW	262	251	305
	Tax (corporate tax expense)		100 million KRW	1,719	2,889	3,003
	Investment in community (donation and support for social contribution activities)		100 million KRW	726	778	747

Effective Tax Rate					
Category		Unit	2020	2021	2022
Profit before income tax		100 million KRW	7,344	11,232	11,587
Nominal tax amount		100 million KRW	1,719	2,889	3,003
Effective tax rate		%	23	26	26
Amount of tax paid ¹⁾		100 million KRW	2,119	2,022	2,968
Tax rate paid		%	26	24	27

1) Revision of data disclosed in the previous year due to changes in data compiling standards

Credit Ratings			
Overseas Credit Ratings			
Category	Moody's	Standard & Poor's	
Busan Bank	A2	A-	
Kyongnam Bank	A2	-	
Domestic credit rating status			
Category	Korea Credit Information (NICE)	Korea Credit Rating (KIS)	Korea Enterprise Rating (KR)
BNK Financial Group	AAA	AAA	AAA
Busan Bank	AAA	AAA	AAA
Kyongnam Bank	AA+	AA+	AA+
BNK Capital	AA-	AA-	AA-
BNK Securities	A1	A1	A1

BNK Financial Group's Taxation Strategies

The BNK Financial Group duly pays various types of taxes including corporate tax, value added tax and local tax in accordance with the taxation procedure prescribed by the tax law. The Group's tax paying policies consist of seven parts, defining tax-related risk types(tax risks and reputation risks), evaluating risk-specific levels, and categorizing into and managing three levels: moderate, significant and severe stages.

- 7 Taxation Policies of BNK Financial Group**
1. Duly reporting on earnings (income) and complying with rules on tax payment
 2. Disclosing financial records on taxation rationally and transparently
 3. Protecting shareholder values
 4. Managing taxation-related risks
 5. Exploring specialists by fostering taxation related human resources
 6. Complying with the tax law and regulations of countries with BNK's overseas sites
 7. Complying with laws on tax adjustment across countries

INTRODUCTION
ESG STRATEGY & PROGRESS
FOCUS AREA
ESG MANAGEMENT
APPENDIX
Creating Financial Synergy
ESG DATA
ESG Impact Measurement
Global Initiative
GRI Index
SASB Index
TCFD Index
UN SDGs Index
UN PRB Index
UNGC Index
Global Initiative Membership Status
Independent Assurance Statement
Greenhouse Gas Verification Statement
Awards

ESG Data

Environmental Performance

Materials used ¹⁾ (Amount of copy paper purchased)				
Category	Unit	2020	2021	2022
BNK Financial Group	Ton	4	4	4
Busan Bank	Ton	203	185	155
Kyongnam Bank	Ton	224	212	203
BNK Capital	Ton	5	14	12
BNK Securities	Ton	6	7	6
BNK Savings Bank	Ton	5	4	5
BNK Asset Management	Ton	2	2	1
BNK Venture Capital	Ton	-	-	0.4
BNK Credit Information	Ton	2	2	2
BNK System	Ton	1	1	1
Total	Ton	452	431	390

1) Based on amount purchased at head and branch

Materials used (Product and service purchase data)				
Category	Unit	2020	2021	2022
Printing paper	Box	38,660	36,847	30,748
Credit cards	ea	416,462	387,124	394,416
Bankbooks	ea	2,413,000	2,204,870	1,716,411

Waste				
Category	Unit	2020	2021	2022
Busan Bank	Ton	161	159	110
Kyongnam Bank	Ton	375	129	86

Water Usage				
Category	Unit	2020	2021	2022
BNK Financial Group	m³	3,912	3.192	1,308
Busan Bank	m³	124,740	109,363	73,447
Kyongnam Bank	m³	64,503	57,434	33,164
BNK Capital	m³	3,491	4,990	1,987
BNK Securities	m³	1,152	1,248	961
BNK Savings Bank	m3	2,345	2,366	1,034
BNK Asset Management	m³	27	29	35
BNK Venture Capital	m³	-	-	-
BNK Credit Information	m³	2,219	2,366	1,243
BNK System	m³	613	589	956
Total	m³	241,022	181,577	130,097
Water intensity (Based on sales) ¹⁾	m³/100 million KRW	4.624	3.254	1.720

1) Revision of data disclosed in the previous year due to changes in data compiling standards

ESG Data

INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

ESG MANAGEMENT

APPENDIX

Creating Financial Synergy

ESG DATA

ESG Impact Measurement

Global Initiative

GRI Index

SASB Index

TCFD Index

UN SDGs Index

UN PRB Index

UNGC Index

Global Initiative Membership Status

Independent Assurance Statement

Greenhouse Gas Verification Statement

Awards

Environmental Performance

Energy Consumption					
Category	Unit	2020	2021	2022	
BNK Financial Group	TJ	8	12	5	
Busan Bank	TJ	314	341	421	
Kyongnam Bank	TJ	146	196	125	
BNK Capital	TJ	7	18	25	
BNK Securities	TJ	8	13	14	
BNK Savings Bank	TJ	3	13	9	
BNK Asset Management	TJ	1	1	1	
BNK Venture Capital	TJ	-	1	-	
BNK Credit Information	TJ	2	4	2	
BNK System	TJ	5	5	5	
Total	TJ	494	604	607	
Energy use intensity (Based on sales) ¹⁾	TJ/100 million KRW	0.009	0.011	0.008	

1) Revision of data disclosed in the previous year due to changes in data compiling standards

Greenhouse gas (GHG) emissions (Scope 1,2) ¹⁾						
Category		Unit	2020	2021	2022	
BNK Financial Group	Direct Emissions (Scope 1)	tCO ₂ eq	135	196	113	
	Indirect Emissions (Scope 2)	tCO ₂ eq	303	436	155	
	Total	tCO ₂ eq	438	632	268	
Busan Bank	Direct Emissions (Scope 1)	tCO ₂ eq	1,299	2,131	1,498	
	Indirect Emissions (Scope 2)	tCO ₂ eq	14,254	14,717	18,442	
	Total	tCO ₂ eq	15,553	16,848	19,940	
Kyongnam Bank	Direct Emissions (Scope 1)	tCO ₂ eq	1,564	1,302	1,285	
	Indirect Emissions (Scope 2)	tCO ₂ eq	5,844	8,367	5,372	
	Total	tCO ₂ eq	7,408	9,669	6,657	
BNK Capital	Direct Emissions (Scope 1)	tCO ₂ eq	237	230	242	
	Indirect Emissions (Scope 2)	tCO ₂ eq	189	700	1,025	
	Total	tCO ₂ eq	426	930	1,267	
BNK Securities	Direct Emissions (Scope 1)	tCO ₂ eq	201	225	262	
	Indirect Emissions (Scope 2)	tCO ₂ eq	225	473	474	
	Total	tCO ₂ eq	426	698	736	
BNK Savings Bank	Direct Emissions (Scope 1)	tCO ₂ eq	72	83	119	
	Indirect Emissions (Scope 2)	tCO ₂ eq	100	551	349	
	Total	tCO ₂ eq	172	634	468	
BNK Asset Man- agement	Direct Emissions (Scope 1)	tCO ₂ eq	52	62	40	
	Indirect Emissions (Scope 2)	tCO ₂ eq	17	22	25	
	Total	tCO ₂ eq	69	84	65	
BNK Venture Capital	Direct Emissions (Scope 1)	tCO ₂ eq	-	19	16	
	Indirect Emissions (Scope 2)	tCO ₂ eq	-	13	6	
	Total	tCO ₂ eq	-	32	22	
BNK Credit Information	Direct Emissions (Scope 1)	tCO ₂ eq	24	22	21	
	Indirect Emissions (Scope 2)	tCO ₂ eq	66	179	80	
	Total	tCO ₂ eq	90	201	101	
BNK System	Direct Emissions (Scope 1)	tCO ₂ eq	88	58	46	
	Indirect Emissions (Scope 2)	tCO ₂ eq	156	203	1	
	Total	tCO ₂ eq	244	261	47	
Total ²⁾	Direct Emissions (Scope 1)	tCO ₂ eq	3,672	4,328	3,642	
	Indirect Emissions (Scope 2)	tCO ₂ eq	21,154	25,661	25,929	
	Total	tCO ₂ eq	24,826	29,989	29,571	
GHG in Korean won	Sales	billion KRW	5,212	5,581	7,563	
	Emission intensity (Scope 1, 2)	tCO ₂ eq/billion KRW	4.76	5.37	3.91	

1) Organizational boundary: The figures for 2022 include a complete enumeration of ATM machines from Busan Bank and Kyongnam Bank. Furthermore, in accordance with the 'Guidelines on Reporting and Certification of Emissions Appendix 21 Method of Setting Organizational Boundaries of Buildings' revised in 2021, the IT center and training center, which were jointly managed in the subsidiary, have been finally decided to be controlled by Busan Bank according to the ownership standards, and are included in the emissions of Busan Bank.

2) The total amount of emissions is rounded off to an integer unit, so there may be a difference of less than ±1 tCO₂eq from the sum of emissions by scope.

ESG Data

INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

ESG MANAGEMENT

APPENDIX

Creating Financial Synergy

ESG DATA

ESG Impact Measurement

Global Initiative

GRI Index

SASB Index

TCFD Index

UN SDGs Index

UN PRB Index

UNGC Index

Global Initiative Membership Status

Independent Assurance Statement

Greenhouse Gas Verification Statement

Awards

Environmental Performance

Greenhouse gas (GHG) emissions (Scope 3¹⁾ Category 15 - Investments)

Category		Unit	2020	2021 ²⁾	2022
Listed stocks and loans		10,000tCO ₂ eq	-	135	131
Corporate loans and unlisted stocks		10,000tCO ₂ eq	-	1,986	2,228
Project finance		10,000tCO ₂ eq	-	50	60
Commercial real estate		10,000tCO ₂ eq	-	4	4
Mortgage		10,000tCO ₂ eq	-	5	5
Car loan		10,000tCO ₂ eq	-	8	6
Treasury Bond		10,000tCO ₂ eq	-	126	140
Sum		10,000tCO ₂ eq	-	2,314	2,574

1) Other Indirect Emissions : Calculation of greenhouse gas emissions within the asset portfolio from 2021

2) Previous year's disclosure data was edited due to change in Scope 3 emissions calculation system

Greenhouse gas (GHG) emissions (Scope 3 Category 3, 4, 5)

Category		Unit	2020	2021 ¹⁾	2022
Busan Bank	Category 3 Employee business trip	tCO ₂ eq	36	-	108
Busan Bank	Category 4 Purchased product	tCO ₂ eq	-	-	107
Busan Bank	Fuel and energy related activities	tCO ₂ eq	-	-	1,612
Busan Bank	Category 5 Use of sold products	tCO ₂ eq	-	-	939
Sub-total			36	-	2,766
Kyongnam Bank	Category 3 Employee business trip	tCO ₂ eq	363	-	273
Kyongnam Bank	Category 4 Purchased product	tCO ₂ eq	-	-	115
Kyongnam Bank	Fuel and energy related activities	tCO ₂ eq	-	-	456
Kyongnam Bank	Category 5 Use of sold products	tCO ₂ eq	-	-	168
Sub-total			363	-	1,012

1) Previous year's disclosure data is not counted due to change in Scope 3 emissions calculation system

Social Performance

Employee Data

Category		Unit	2020	2021	2022
BNK Financial Group	under 30	No. of persons	4	5	4
	30 years old or older - less than 50 years old	No. of persons	65	73	70
	50 years old or older	No. of persons	35	35	31
Busan Bank	under 30	No. of persons	321	243	191
	30 years old or older - less than 50 years old	No. of persons	2,316	2,242	2,165
	50 years old or older	No. of persons	572	578	617
Kyongnam Bank	under 30	No. of persons	310	231	249
	30 years old or older - less than 50 years old	No. of persons	1,821	1,739	1,698
	50 years old or older	No. of persons	331	384	324
BNK Capital	under 30	No. of persons	21	12	12
	30 years old or older - less than 50 years old	No. of persons	458	428	384
	50 years old or older	No. of persons	58	67	78
BNK Securities	under 30	No. of persons	23	27	25
	30 years old or older - less than 50 years old	No. of persons	233	261	278
	50 years old or older	No. of persons	45	67	67
BNK Savings Bank	under 30	No. of persons	25	27	27
	30 years old or older - less than 50 years old	No. of persons	76	80	89
	50 years old or older	No. of persons	20	23	21
BNK Asset Management	under 30	No. of persons	6	10	13
	30 years old or older - less than 50 years old	No. of persons	46	52	51
	50 years old or older	No. of persons	9	16	17
BNK Venture Capital	under 30	No. of persons	1	1	2
	30 years old or older - less than 50 years old	No. of persons	7	8	11
	50 years old or older	No. of persons	4	6	9
BNK Credit Information	under 30	No. of persons	1	1	1
	30 years old or older - less than 50 years old	No. of persons	7	21	65
	50 years old or older	No. of persons	17	22	5
BNK System	under 30	No. of persons	19	43	59
	30 years old or older - less than 50 years old	No. of persons	164	169	180
	50 years old or older	No. of persons	18	14	17
Total	under 30	No. of persons	731	600	583
	30 years old or older - less than 50 years old	No. of persons	5,193	5,073	4,990
	50 years old or older	No. of persons	1,109	1,212	1,186

ESG Data

INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

ESG MANAGEMENT

APPENDIX

Creating Financial Synergy

ESG DATA

ESG Impact Measurement

Global Initiative

GRI Index

SASB Index

TCFD Index

UN SDGs Index

UN PRB Index

UNGC Index

Global Initiative Membership Status

Independent Assurance Statement

Greenhouse Gas Verification Statement

Awards

Social Performance

Employee Data

Category		Unit	2020				2021				2022			
			Regular	Contracted	Executives	Total	Regular	Contracted	Executives	Total	Regular	Contracted	Executives	Total
BNK Financial Group	Male	No. of persons	75	11	8	94	78	15	8	101	71	12	9	92
	Female	No. of persons	5	5	-	10	5	7	-	12	4	8	0	12
	Total	No. of persons	80	16	8	104	83	22	8	113	75	20	9	104
Busan Bank	Male	No. of persons	1,352	166	20	1,538	1,278	141	18	1,437	1,206	165	20	1,391
	Female	No. of persons	1,566	104	1	1,671	1,544	80	2	1,626	1,483	98	1	1,582
	Total	No. of persons	2,918	270	21	3,209	2,822	221	20	3,063	2,689	263	21	2,973
Kyongnam Bank	Male	No. of persons	1,152	91	7	1,250	1,099	77	7	1,183	1,032	94	7	1,128
	Female	No. of persons	1,132	80	-	1,212	1,097	74	-	1,171	1,076	67	0	1,143
	Total	No. of persons	2,284	171	7	2,462	2,196	151	7	2,354	2,108	161	7	2,271
BNK Capital	Male	No. of persons	306	64	5	375	303	45	7	355	301	39	6	342
	Female	No. of persons	147	14	1	162	141	11	-	152	129	3	0	132
	Total	No. of persons	453	78	6	537	444	56	7	507	430	42	6	474
BNK Securities	Male	No. of persons	72	136	5	213	65	179	7	251	61	192	7	260
	Female	No. of persons	51	37	-	88	49	55	-	104	47	63	0	110
	Total	No. of persons	123	173	5	301	114	234	7	355	108	255	7	370
BNK Savings Bank	Male	No. of persons	56	10	6	72	55	13	6	74	55	13	6	81
	Female	No. of persons	41	8	-	49	38	18	-	56	39	18	0	56
	Total	No. of persons	97	18	6	121	93	31	6	130	94	31	6	137
BNK Asset Management	Male	No. of persons	4	32	5	41	4	44	5	53	4	41	6	51
	Female	No. of persons	11	9	-	20	9	16	-	25	15	15	0	30
	Total	No. of persons	15	41	5	61	13	60	5	78	19	56	6	81
BNK Venture Capital	Male	No. of persons	4	1	5	10	7	-	6	13	8	0	10	18
	Female	No. of persons	2	-	-	2	2	-	-	2	4	0	0	4
	Total	No. of persons	6	1	5	12	9	-	6	15	12	0	10	22
BNK Credit Information	Male	No. of persons	10	8	4	22	7	17	4	28	8	19	4	31
	Female	No. of persons	3	-	-	3	2	14	-	16	19	21	0	40
	Total	No. of persons	13	8	4	25	9	31	4	44	27	40	4	71
BNK System	Male	No. of persons	156	18	4	178	170	19	6	195	184	25	6	215
	Female	No. of persons	23	-	-	23	30	1	-	31	41	0	0	41
	Total	No. of persons	179	18	4	201	200	20	6	226	225	25	6	256

ESG Data

INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

ESG MANAGEMENT

APPENDIX

Creating Financial Synergy

ESG DATA

ESG Impact Measurement

Global Initiative

GRI Index

SASB Index

TCFD Index

UN SDGs Index

UN PRB Index

UNGC Index

Global Initiative Membership Status

Independent Assurance Statement

Greenhouse Gas Verification Statement

Awards

Social Performance

Performance on Diversity (nationality¹⁾)

Category		Unit	2020	2021	2022
BNK Financial Group	korea	No. of persons(%)	97 (100)	106 (100)	104(100)
	foreign country	No. of persons(%)	-	-	-
Busan Bank	korea	No. of persons(%)	2,939 (100)	2,482 (100)	2,973(100)
	foreign country	No. of persons(%)	-	-	-
Kyongnam Bank	korea	No. of persons(%)	2,453 (99.88)	2,345 (99.87)	2,268(99.87)
	foreign country	No. of persons(%)	3 (0.12)	3 (0.13)	3(0.13)
BNK Capital	korea	No. of persons(%)	533 (35.65)	502 (31.14)	473(30.28)
	foreign country	No. of persons(%)	962 (64.35)	1,110 (68.86)	1,089(69.72) ²⁾
BNK Securities	korea	No. of persons(%)	298 (99)	352 (99.15)	368(99.46)
	foreign country	No. of persons(%)	3 (1)	3 (0.85)	2(0.54)
BNK Savings Bank	korea	No. of persons(%)	121 (100)	130 (100)	137(100)
	foreign country	No. of persons(%)	-	-	-
BNK Asset Management	korea	No. of persons(%)	20(100)	18(100)	81(100)
	foreign country	No. of persons(%)	-	-	-
BNK Venture Capital	korea	No. of persons(%)	12(100)	15 (100)	22(100)
	foreign country	No. of persons(%)	-	-	-
BNK Credit Information	korea	No. of persons(%)	11(100)	13 (100)	71(100)
	foreign country	No. of persons(%)	-	-	-
BNK System	korea	No. of persons(%)	201 (100)	226 (100)	256(100)
	foreign country	No. of persons(%)	-	-	-

1) Standards for executives and full-time employees
2) Number of local employees in overseas subsidiaries

Performance on Diversity (Including data from all subsidiaries)

Category		Unit	2020	2021	2022
Female Leadership	Executives	No. of persons	3	5	3
	Mid-level supervisors	No. of persons	599	662	507
	Managers	No. of persons	271	288	324
Nnumber of veterans	-	No. of persons	286	268	248
Number of disabled employees	-	No. of persons	85	79	67

Newly Hired Employees and Employee Turnover

Category	Unit	New employees			Retired employees		
		2020	2021	2022	2020	2021	2022
BNK Financial Group	No. of persons	-	12	5	-	5	10
Busan Bank	No. of persons	55	19	23	12	7	4
Kyongnam Bank	No. of persons	9	12	17	16	11	10
BNK Capital	No. of persons	13	5	10	29	20	32
BNK Securities	No. of persons	2	-	0	2	-	2
BNK Savings Bank	No. of persons	19	25	29	14	18	19
BNK Asset Management	No. of persons	8	4	6	3	4	4
BNK Venture Capital	No. of persons	5	4	12	1	1	5
BNK Credit Information	No. of persons	5	1	19	2	1	1
BNK System	No. of persons	12	40	48	7	15	18
Total	No. of persons	128	122	169	86	82	105

ESG Data

INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

ESG MANAGEMENT

APPENDIX

Creating Financial Synergy

ESG DATA

ESG Impact Measurement

Global Initiative

GRI Index

SASB Index

TCFD Index

UN SDGs Index

UN PRB Index

UNGC Index

Global Initiative Membership Status

Independent Assurance Statement

Greenhouse Gas Verification Statement

Awards

Social Performance

Turnover Rate									
Category			Unit	2020		2021		2022	
				Total turnover rate	Voluntary turnover rate	Total turnover rate	Voluntary turnover rate	Total turnover rate	Voluntary turnover rate
BNK Financial Group	gender	Male	%	5.00	4.00	8.00	4.00	-	-
		Female	%	2.00	2.00	1.00	1.00	-	-
	age	under 30	%	1.00	1.00	-	-	-	-
		30 years old or older - less than 50 years old	%	3.00	3.00	2.00	3.00	-	-
		50 years old or older	%	3.00	2.00	7.00	2.00	-	-
Busan Bank	gender	Male	%	1.64	0.14	2.94	0.18	1.14	0.53
		Female	%	0.38	0.34	1.10	0.28	0.26	0.13
	age	under 30	%	0.14	0.14	0.14	0.14	0.13	0.06
		30 years old or older - less than 50 years old	%	0.31	0.31	0.99	0.28	0.57	0.36
		50 years old or older	%	1.58	0.03	2.91	0.04	0.70	0.23
Gyeongnam Bank	gender	Male	%	0.40	0.35	0.32	0.27	0.43	0.43
		Female	%	0.40	0.40	0.18	0.18	0.19	0.14
	age	under 30	%	0.31	0.31	0.18	0.18	0.19	0.19
		30 years old or older - less than 50 years old	%	0.44	0.44	0.27	0.23	0.38	0.33
		50 years old or older	%	0.04	-	0.05	0.05	0.05	0.05

Category	Unit	2020	2021	2022
Group-adjusted operating income(A)	100 million KRW	26,386	31,043	32,132
Total number of employees in the Group(B)	No. of persons	7,039	6,891	6,759
Per-capita labor productivity(C=A/B)	100 million KRW/No. of persons	3.75	4.51	4.75

Category	Unit	2020	2021	2022
Busan Bank	%	99.92	99.91	99.95
Kyongnam Bank	%	99.94	99.94	99.94

Category	Unit	2020	2021	2022
BNK Financial Group	sessions	-	-	4
Busan Bank	sessions	4	4	4
Kyongnam Bank	sessions	4	4	4
BNK Capital	sessions	4	4	7
BNK Securities	sessions	4	5	5
BNK Savings Bank	sessions	4	-	-
BNK Asset Management	sessions	4	5	4
BNK Venture Capital	sessions	-	-	-
BNK Credit Information	sessions	4	4	4
BNK System	sessions	4	4	4

INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

ESG MANAGEMENT

APPENDIX

Creating Financial Synergy

ESG DATA

ESG Impact Measurement

Global Initiative

GRI Index

SASB Index

TCFD Index

UN SDGs Index

UN PRB Index

UNGC Index

Global Initiative Membership Status

Independent Assurance Statement

Greenhouse Gas Verification Statement

Awards

ESG Data

Social Performance

Current Status of CEO Remuneration

Category		Unit	2020	2021	2022
CEO and Chairman	Earned Income	million KRW	729	729	729
	Bonus	million KRW	302	611	498
	Retirement	million KRW	-	-	1,073

Status of Total Remuneration for Employees (Based on the holding company)

Category		Unit	2020	2021	2022
Total remuneration amount for employees		100 million KRW	182	197	205
Net income before corporate tax		100 million KRW	7,934	7,344	11,232
Ratio		%	2.3	2.7	2
No. of Employees		No. of persons	183	172	183
Average remuneration of employees		10,000 KRW	9,900	11,500	11,200

Defined Benefits Retirement Pension Scheme of the Organization

Category	Unit	Amount under management	No. of subscribers (DB)	No. of subscribers (DC)
BNK Financial Group	100 million KRW, No. of persons	8	95	9
Busan Bank	100 million KRW, No. of persons	3,422	2,948	25
Kyongnam Bank	100 million KRW, No. of persons	2,857	2,193	19
BNK Capital	100 million KRW, No. of persons	194	481	48
BNK Securities	100 million KRW, No. of persons	281	178	266
BNK Savings Bank	100 million KRW, No. of persons	30	125	13
BNK Asset Management	100 million KRW, No. of persons	9	-	51
BNK Venture Capital	100 million KRW, No. of persons	2	12	10
BNK Credit Information	100 million KRW, No. of persons	9	33	4
BNK System	100 million KRW, No. of persons	80	210	5

New Employee Hourly Wage by Gender (Compared to local minimum wage in major business regions)

Category		Unit	Hourly wage for new employees	Ratio
BNK Financial Group	Male	KRW, %	24,995	273
	Female	KRW, %	20,826	227
Busan Bank	Male	KRW, %	24,995	273
	Female	KRW, %	20,826	227
Kyongnam Bank	Male	KRW, %	16,669	182
	Female	KRW, %	16,669	182
BNK Capital ¹⁾	Male	KRW, %	-	-
	Female	KRW, %	-	-
BNK Securities	Male	KRW, %	17,903	195
	Female	KRW, %	17,903	195
BNK Savings Bank	Male	KRW, %	15,000	164
	Female	KRW, %	14,500	158
BNK Asset Management	Male	KRW, %	15,949	174
	Female	KRW, %	15,949	174
BNK Venture Capital ¹⁾	Male	KRW, %	-	-
	Female	KRW, %	-	-
BNK Credit Information ²⁾	Male	KRW, %	14,559	159
	Female	KRW, %	-	-
BNK System	Male	KRW, %	17,544	192
	Female	KRW, %	15,877	173

1) BNK Capital did not hire new employees in 2022
2) BNK credit information did not hire female new employees in 2022

INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

ESG MANAGEMENT

APPENDIX

Creating Financial Synergy

ESG DATA

ESG Impact Measurement

Global Initiative

GRI Index

SASB Index

TCFD Index

UN SDGs Index

UN PRB Index

UNGC Index

Global Initiative Membership Status

Independent Assurance Statement

Greenhouse Gas Verification Statement

Awards

ESG Data

Social Performance

Number of Employees on Parental Leave (2022)

Category	Unit	Number of persons eligible for parental leave			Number of employees on parental leave			Number of returnees from parental leave			Number of employees with more than one year of service after returning from parental leave		
		male	female	sum	male	female	sum	male	female	sum	male	female	sum
BNK Financial Group	number of people	46	2	48	-	1	1	-	-	-	-	-	-
Busan Bank	number of people	445	175	620	6	175	181	3	59	62	-	78	78
Kyongnam Bank	number of people	417	551	968	6	213	219	1	95	96	3	85	88
BNK Capital	number of people	85	34	119	2	21	23	1	10	11	-	10	10
BNK Securities	number of people	-	4	4	-	4	4	-	1	1	-	4	4
BNK Savings Bank	number of people	-	-	-	-	-	-	-	-	-	-	-	-
BNK Asset Management	number of people	14	12	26	-	-	-	-	-	-	-	-	-
BNK Venture Capital	number of people	-	-	-	-	-	-	-	-	-	-	-	-
BNK Credit Information	number of people	-	1	1	-	1	1	-	1	1	-	-	-
BNK System	number of people	71	2	73	2	1	3	2	-	2	-	1	1

Employee Training

Category	Unit	Training cost per employee			Training hours per employee		
		2020	2021	2022	2020	2021	2022
BNK Financial Group	10,000 KRW, time	188	129	210	54	32	45
Busan Bank	10,000 KRW, time	74	90	92	100	92	83
Kyongnam Bank	10,000 KRW, time	61	87	83	64	69	68
BNK Capital	10,000 KRW, time	34	41	84	49	37	68
BNK Securities	10,000 KRW, time	33	35	35	21	15	15
BNK Savings Bank	10,000 KRW, time	45	33	14	48	48	4
BNK Asset Management	10,000 KRW, time	91	34	60	29	34	20
BNK Venture Capital1)	10,000 KRW, time	151	15	13	18	7	10
BNK Credit Information	10,000 KRW, time	6	13	4	10	12	24
BNK System	10,000 KRW, time	30	15	29.	88	98	86

1) Revision of data disclosed in the previous year due to changes in data compiling standards

Number of Employees Receiving Regular Performance and Career Development Reviews

Category	Unit	No. of employees who are subjects of evaluations			Percentage		
		2020	2021	2022	2020	2021	2022
BNK Financial Group	number of people, %	87	105	104	90	99	100
Busan Bank	number of people, %	3,009	2,793	2,717	94	91	91
Kyongnam Bank	number of people, %	2,180	2,081	2,019	89	88	87
BNK Capital	number of people, %	451	441	417	85	88	88
BNK Securities	number of people, %	265	295	298	89	84	89
BNK Savings Bank	number of people, %	91	115	110	89	91	88
BNK Asset Management	number of people, %	53	64	66	87	100	100
BNK Venture Capital1)	number of people, %	12	15	22	100	100	100
BNK Credit Information	number of people, %	8	9	9	32	20	20
BNK System	number of people, %	186	215	224	93	95	88

1) Revision of data disclosed in the previous year due to changes in data aggregation standards

ESG Data

INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

ESG MANAGEMENT

APPENDIX

Creating Financial Synergy

ESG DATA

ESG Impact Measurement

Global Initiative

GRI Index

SASB Index

TCFD Index

UN SDGs Index

UN PRB Index

UNGC Index

Global Initiative Membership Status

Independent Assurance Statement

Greenhouse Gas Verification Statement

Awards

Social Performance

Human Rights Education¹⁾

Category	Unit	No. of Human Rights Training Completion			Human Rights Education Hours		
		2020	2021	2022	2020	2021	2022
BNK Financial Group	time, people	343	351	366	343	351	366
Busan Bank	time, people	15,070	14,463	17,475	15,070	14,486	17,475
Kyongnam Bank	time, people	4,651	4,442	4,388	4,651	4,442	4,388
BNK Capital	time, people	4,161	7,020	6,291	2,347	4,263	3,036
BNK Securities	time, people	580	735	774	725	735	774
BNK Savings Bank	time, people	232	242	125	348	363	500
BNK Asset Management	time, people	186	183	171	186	195	171
BNK Venture Capital ²⁾	time, people	12	15	17	36	45	51
BNK Credit Information	time, people	75	123	149	75	123	149
BNK System	time, people	600	696	973	600	696	973

1) Human rights education such as prohibition of discrimination and prevention of sexual harassment

Information Security Education

Category		Unit	Information security training hours			Number of participants in information security education		
			2020	2021	2022	2020	2021	2022
BNK Financial Group	Executives	time, person	550	608	600	94	104	104
	External/ Partners ¹⁾	time, person	7	5	4	23	18	14
Busan Bank	Executives	time, person	15,873	19,668	19,346	2,580	3,178	3,139
	External/ Partners ¹⁾	time, person	49	99	155	163	330	425
Kyongnam Bank	Executives	time, person	14,175	13,767	13,437	2,300	2,231	2,181
	External/ Partners	time, person	50	60	63	25	30	32

1) Revision of data disclosed in the previous year due to changes in data aggregation standards

Information Security

Category	Unit	No. of information leak incidents			No. of customers affected by the information leak			Financial damage caused by customer's information leak incidents		
		2020	2021	2022	2020	2021	2022	2020	2021	2022
Busan Bank	case, people, million KRW	-	-	-	-	-	-	-	-	-
Kyongnam Bank	case, people, million KRW	-	-	-	-	-	-	-	-	-

Prevention of Voice Phishing

Category	Unit	Voice phishing prevention amount			Number of voice phishing prevention cases		
		2020	2021	2022	2020	2021	2022
Busan Bank	case, million KRW	274	92	130	3,004	868	1,396
Kyongnam Bank ¹⁾	case, million KRW	191	164	145	1,904	2,016	1,927

1) Revision of data disclosed in the previous year due to changes in data aggregation standards

Electronic Financial Fraud Prevention

Category	Unit	Number of electronic financial fraud prevention cases			Electronic financial fraud prevention amount		
		2020	2021	2022	2020	2021	2022
Busan Bank	case, million KRW	64	277	163	950	4,408	3,900
Kyongnam Bank	case, million KRW	1,391	443	1,497	5,269	9,574	10,641

INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

ESG MANAGEMENT

APPENDIX

Creating Financial Synergy

ESG DATA

ESG Impact Measurement

Global Initiative

GRI Index

SASB Index

TCFD Index

UN SDGs Index

UN PRB Index

UNGC Index

Global Initiative Membership Status

Independent Assurance Statement

Greenhouse Gas Verification Statement

Awards

ESG Data

Social Performance

Access to Digital Finance										
Category	Unit	No. of user			Non-face-to-face reception (balance)			Non-face-to-face loans (balance)		
		2020	2021	2022	2020	2021	2022	2020	2021	2022
Busan Bank	thousand people, billion KRW	716	812	903	13,617	13,728	42,201	6,507	12,024	14,777
Kyongnam Bank	thousand people, billion KRW	405	464	512	13,298	14,902	21,958	8,354	12,132	13,050
BNK Capital	thousand people, billion KRW	24	38	45	-	-	-	2,135	3,800	6,155
BNK Securities	thousand people, billion KRW	3	4	4	-	-	-	-	-	-
BNK Savings Bank	thousand people, billion KRW	1	1	10	1,329	1,088	1,715	684	2,141	2,558

Customer Complaint Handling Statistics

Category	Unit	Number of customer complaints received and processed			Completion rate of customer complaints received		
		2020	2021	2022	2020	2021	2022
Busan Bank	case, %	920	760	862	100	100	100
Kyongnam Bank	case, %	637	544	385	100	100	100

Number of Days of Absence due to Illness or Injury							
Category	Unit	No. of days of absence due to illness or injury (vacation days excluded)			No. of days of absence due to illness or injury		
		2020	2021	2022	2020	2021	2022
BNK Financial Group	days	-	-	-	78	52	-
Busan Bank	days	1,908	2,757	2,417	910	1,587	1,147
Kyongnam Bank	days	3,606	2,402	2,662	1,951	1,647	2,215
BNK Capital	days	232	152	225	77	36	-
BNK Securities	days	25	52	99	-	-	-
BNK Savings Bank	days	-	-	-	-	-	-
BNK Asset Management	days	-	-	-	-	-	-
BNK Venture Capital	days	-	-	-	-	-	-
BNK Credit Information	days	-	-	-	-	-	-
BNK System	days	60	197	35	-	-	-

INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

ESG MANAGEMENT

APPENDIX

Creating Financial Synergy

ESG DATA

ESG Impact Measurement

Global Initiative

GRI Index

SASB Index

TCFD Index

UN SDGs Index

UN PRB Index

UNGC Index

Global Initiative Membership Status

Independent Assurance Statement

Greenhouse Gas Verification Statement

Awards

ESG Data

Social Performance

Inspections of Subsidiary's Own Internal Control System (2022)

Category	Unit	Total no. of workplaces	No. of inspected workplaces
BNK Financial Group	ea	1	1
Busan Bank	ea	214	214
Kyongnam Bank	ea	126	126
BNK Capital	ea	14	14
BNK Securities	ea	4	4
BNK Savings Bank	ea	8	8
BNK Asset Management	ea	1	1
BNK Venture Capital	ea	3	3
BNK Credit Information	ea	3	3
BNK System	ea	1	1

Significant Fines and Non-monetary Sanctions Imposed for Non-compliance with Laws and Regulations in the Social and Economic Area (2022)

Category	Unit	No. of monetary sanctions	Amount of fines	No. of non-monetary sanctions	No. of cases filed through arbitration
BNK Financial Group	Case, million KRW	-	-	-	-
Busan Bank	Case, million KRW	1	71	-	-
Kyongnam Bank	Case, million KRW	1	10	-	-
BNK Capital	Case, million KRW	-	-	-	-
BNK Securities	Case, million KRW	-	-	-	-
BNK Savings Bank	Case, million KRW	-	-	-	-
BNK Asset Management	Case, million KRW	-	-	-	-
BNK Venture Capital	Case, million KRW	-	-	-	-
BNK Credit Information	Case, million KRW	-	-	-	-
BNK System	Case, million KRW	-	-	-	-

Legal Actions for Anti-competitive Behavior, Anti-trust, and Monopoly Practices (2022)

Category	Unit	Ongoing litigation	Litigation closed
Anti-competitive behavior, anti-trust, and monopoly practices	Cases	0	0

Corruption Cases Identified and Countermeasures (2022)

Category	Action
Corruption cases identified (0 case)	-

Number of Discrimination-related Sanctions (all affiliates)

Category	Unit	2020	2021	2022
Number of sanctions related to discrimination	Cases	-	-	-

Communication and Training on Anti-corruption Policies and Procedures

Category	Unit	Financial mishap prevention training			No. of hours of ethical training per person			No. of ethical training sessions held		
		2020	2021	2022	2020	2021	2022	2020	2021	2022
Busan Bank	person, time, session	office	office	office	12	12	12	12	12	12
Kyongnam Bank	person, time, session	office	office	office	15	15	14	63	54	32

INTRODUCTION
ESG STRATEGY & PROGRESS
FOCUS AREA
ESG MANAGEMENT
APPENDIX
Creating Financial Synergy
ESG DATA
ESG Impact Measurement
Global Initiative
GRI Index
SASB Index
TCFD Index
UN SDGs Index
UN PRB Index
UNGC Index
Global Initiative Membership Status
Independent Assurance Statement
Greenhouse Gas Verification Statement
Awards

ESG Data

Social Performance

Number of Social Contribution Volunteer Workers				
Category	Unit	2020	2021	2022
BNK Financial Group	person	82	87	69
Busan Bank	person	1,522	789	1,112
Kyongnam Bank	person	1,858	1,644	1,631
BNK Capital	person	18	-	100
BNK Securities	person	19	30	30
BNK Savings Bank	person	20	-	-
BNK Asset Management	person	61	-	-
BNK Venture Capital	person	-	-	-
BNK Credit Information	person	61	-	-
BNK System	person	117	136	384

Social Contribution Investment Amounts				
Category	Unit	2020	2021	2022
BNK Financial Group	million KRW	492	1,165	169
Busan Bank	million KRW	48,086	52,297	51,503
Kyongnam Bank	million KRW	23,761	23,908	22,417
BNK Capital	million KRW	38	61	38
BNK Securities	million KRW	38	61	331
BNK Savings Bank	million KRW	174	229	218
BNK Asset Management	million KRW	11	6	6.5
BNK Venture Capital	million KRW	1	1	6
BNK Credit Information	million KRW	9	14	2.5
BNK System	million KRW	7	16	1

Establishment of a fair trading culture

We always disclose bidding information through our consolidated purchase system, and by selecting suppliers through a fair competitive process made possible with electronic bidding, we can guarantee fair business participation and transparent transactions to our suppliers. Furthermore, during stages(notice of tender, budget price estimation, bidding and examination of the appropriateness of the contract payment) where supplier companies are competing against each other, we always make sure an auditor is present during the proceedings in order to guarantee impartiality. Even for the implementation part of a project, we manage the output delivery date and inspection date through an online system. This way, we can always monitor possible issues faced by the suppliers. In the interest of managing and evaluating suppliers objectively, regular training is given to purchasing managers to familiarize them with laws related to fair trade (subcontract). Even after a project has ended, we conduct evaluations whenever needed and also regularly once a year to be perfect in our management of companies who have been contracted to supply IT resources to our group. In the future, we will do our best to create a culture of reliable and fair trading by using the screening process (which is linked to the Korea ON-Line E-Procurement System) in our consolidated purchase system to screen for fraudulent candidates when selecting companies to award contracts.

Establishment of a Fair Trading Culture

Category	Unit	2022
Number of cases awarded through electronic bidding using the consolidated purchase system	Cases	611
Number of evaluations to check for fair trading	Cases	2,118

ESG Data

INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

ESG MANAGEMENT

APPENDIX

Creating Financial Synergy

ESG DATA

ESG Impact Measurement

Global Initiative

GRI Index

SASB Index

TCFD Index

UN SDGs Index

UN PRB Index

UNGC Index

Global Initiative Membership Status

Independent Assurance Statement

Greenhouse Gas Verification Statement

Awards

Social Performance

Current Status of Employee's Stock Ownership (As of December 31, 2022)

Name	Title	Unit	Number of shares held
Sung-jae Jung	Chairman (Temporary)	share	16,000
Jung-joon Yoo	External director	share	2,000
Jin-ho Heo	External director	share	-
Kyung-soo Choi	External director	share	-
Tae-sup Lee	External director	share	150
Woo-shin Park	External director	share	-
Soo-hee Kim	External director	share	-
Gam-chan Ahn	Non-executive director	share	50,016
Doo-ho Lee	Non-executive director	share	43,935
Gyeong-sik Seong	Vice President	share	27,510
Gang Son	Managing Director	share	10,049
Woo-hyung Choi	Managing Director	share	9,000
Kyo-sung Koo	Managing Director	share	22,435
Moon-seong Kang	Managing Director	share	5,205
Seung-je Lee	Managing Director	share	345
Byeong-do Jeong	Managing Director	share	4,616
Seong-wook Park	Managing Director	share	20,000

Director Remuneration Status (2022)

Category	Unit	Personnel	Total amount of remuneration	The amount of remuneration per person
Registered directors (excluding outside directors and members of the audit committee)	people, million KRW	1	2,328	2,328
Outside directors (excluding members of the audit committee)	people, million KRW	2	192	80
A member of the audit committee	people, million KRW	4	287	71

BNK Financial Group Shareholders (As of December 31, 2022)

Shareholder Name	Number of shares(common stocks)	Ownership(%)
Busan Lotte Hotel and related parties	36,320,167	11.14
National Pension Service	29,816,281	9.15
Parkland Co., Ltd and related parties	12,962,172	3.98
Employee stock ownership association	12,855,451	3.94
S&T Motiv Co., Ltd and related parties	11,356,315	3.48
THE Oakmark International Small Cap Fund	6,131,992	1.88
Hyeopseong Cultural Foundation	5,000,000	1.53
Vanguard Total International Stock Index	3,862,499	1.19
Hyeopseong Construction Co., Ltd.	3,400,000	1.04
Total number of stocks issued	325,935,246	100

BNK Financial Group's Measures for Political Engagement

BNK Financial Group cannot donate political funds to foreigners and corporations and organizations at home and abroad as per Chapter 6 and Article 31 of the Political Fund Act. It is also prescribed that no one should be allowed to donate political funds with funds related to corporations and organizations at home and abroad. Therefore, BNK Financial Group is not involved in any political activities according to laws, and employees may participate in politics, but are prohibited from conducting any suspicious activities causing misunderstanding at the corporate level. However, we donate to associations and areas of public interest which are not related to political engagement, in which case, the current status of donations is strictly managed to fundamentally block possibilities of corruption and irregularities.

Record of Payments of Membership Fees to Key Associations

Category	Unit	2020	2021	2022
Korea Chamber of Commerce and Industry	million KRW	392.3	450.5	518.3
The Korea Federation of Banks	million KRW	1,723.7	1,833.3	1972.7
The Credit Finance Association	million KRW	190.7	190.6	276.7
Korea Financial Investment Association	million KRW	286.7	378.3	517.9
Korea Federation of Saving Banks	million KRW	339.2	316.6	441.4
Credit Information Companies Association	million KRW	20.5	20.4	23.7

ESG Data

INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

ESG MANAGEMENT

APPENDIX

Creating Financial Synergy

ESG DATA

ESG Impact Measurement

Global Initiative

GRI Index

SASB Index

TCFD Index

UN SDGs Index

UN PRB Index

UNGC Index

Global Initiative Membership Status

Independent Assurance Statement

Greenhouse Gas Verification Statement

Awards

ESG Financial Performance

Deposit Products Exclusive for the Working Class

Category		Unit	2020	2021	2022
Busan Bank	Youth Hope Savings	100 million KRW	-	-	973
	BNK Hope Fostering Installment Savings	100 million KRW	326	368	344
	Regional Love Free Installment Savings	100 million KRW	135	86	27
	Hope for Youth Bankbook	100 million KRW	39	37	18
	BNK Happiness Protection Bankbook	100 million KRW	61	80	90
	BNK National Pension Security Account	100 million KRW	74	100	114
	Public Service Pension Lifetime Security Account	100 million KRW	4	5	5
	Busan Bank Hope Protector's Account	100 million KRW	2	3	2
	Busan Bank soldier's reserve for tomorrow	100 million KRW	19	13	41
	Baekse Youth Pension Account	100 million KRW	221	254	223
	Baekse Youth Silver Regular Deposit	100 million KRW	10,810	7,747	854
	Soldier's tomorrow reserve	100 million KRW	10	7	22
	Hope Collection Installment Savings ¹⁾	100 million KRW	20	17	18
	Comprehensive savings for subscription of youth-friendly housing ¹⁾	100 million KRW	12	22	32
	Youth Hope Savings	100 million KRW	-	-	125

1) Revision of data disclosed in the previous year due to changes in data compiling standards

Deposit Products Exclusive for SMEs, Small Business Owners, and Local Residents

		Category	Unit	2020	2021	2022
Busan Bank	Support for small business owners	Town Boss Preferential Installment Savings	100 million KRW	91	27	7
		Lifetime Main Bank Business Owner Bankbook	100 million KRW	1,586	1,710	1,231
	Support for local Residents	BNK Youth Sympathy Installment Savings	100 million KRW	145	51	13
		Busan International Film Festival Bankbook	100 million KRW	386	379	310
		2030 Busan Registered Export Installment Savings	100 million KRW	1,251	621	901
		Dongbaek Bankbook	100 million KRW	-	-	62
		Busan Youth Happiness Twice Bankbook	100 million KRW	-	-	68
Kyongnam Bank	Support for local residents	Changwon City Youth Tomorrow Bankbook	100 million KRW	18	34	27
		BNK Gyeongsangnam-do Mutual Growth Deduction Installment Savings	100 million KRW	17	13	20
		Geochang-gun Agreement Savings	100 million KRW	-	-	1
		Geoje-si Agreement Savings	100 million KRW	-	-	2
		Ulsan-si Agreement Savings	100 million KRW	-	-	3
		Gaya Kingdom Gimhae Love Bankbook ¹⁾	100 million KRW	2	1	0
		True Jinju City Love Bankbook ¹⁾	100 million KRW	63	11	1
		Ulsan City Love Dream Bankbook ¹⁾	100 million KRW	377	23	11

1) Revision of data disclosed in the previous year due to changes in data compiling standards

Card Products Exclusive for SMEs, Small Business Owners, and Local Residents

	Category	Unit	2020	2021	2022	
Busan Bank	Support for local residents	Multicultural Love Card	100 million KRW	0.6	0.6	0.5
		B Smart Card	100 million KRW	742	683	624
		Braille Card	100 million KRW	0.05	0.03	0.06
		Happy Kid Card	100 million KRW	438	249	146
		Happy People Card	100 million KRW	553	594	665
		Busan Youth Stepping Stone Card+	100 million KRW	62	33	35
	Communities	COVID-19 Win-Win Grant Card	100 million KRW	3,503	3,270	1,526
		Youth Pleasure Card	100 million KRW	11	11	11
		Dongbaekjeon Card	100 million KRW	2,245	2,438	5,874
		Education Love Card	100 million KRW	5.7	5.3	1,439
	UNICEF Gift Card	100 million KRW	0.01	0.002	-	
Kyo-ngram Bank	Support for local residents	Ulsan City Multiple Children Card(credit)	100 million KRW	297	267	220
		Ulsan City Multiple Children Card(check)	100 million KRW	40	72	90
		New Ulsan City Multiple Children Card (credit)	100 million KRW	124	179	271
		Braille Card	100 million KRW	0.6	0.6	0.6
		Happy Kid Card	100 million KRW	267	235	196
		Happy People Card	100 million KRW	250	237	267
		Kyongnam Youth Support Card	100 million KRW	18	24	25

ESG Data

- INTRODUCTION
- ESG STRATEGY & PROGRESS
- FOCUS AREA
- ESG MANAGEMENT
- APPENDIX
 - Creating Financial Synergy
 - ESG DATA
 - ESG Impact Measurement
 - Global Initiative
 - GRI Index
 - SASB Index
 - TCFD Index
 - UN SDGs Index
 - UN PRB Index
 - UNGC Index
 - Global Initiative Membership Status
 - Independent Assurance Statement
 - Greenhouse Gas Verification Statement
 - Awards

ESG Financial Performance

Green Deposits and Installment Savings Products					
Category		Unit	2020	2021	2022
Busan Bank	Green Deposits and Installment Savings	100 million KRW	-	3,360	6,912
	Low-carbon Practice Deposits				
	Green Deposits and Installment Savings	100 million KRW	-	580	1,568
	Low-carbon Practice Deposits				
Busan Bank	Green Deposits and Installment Savings	100 million KRW	1,686	1,680	582
	Low-carbon Practice Deposits				
	Green Deposits and Installment Savings	100 million KRW	39	22	2
	Galmet-gil Installment Savings				
Green Card Products					
Category		Unit	2020	2021	2022
Busan Bank	Green Card ¹⁾	100 million KRW	3,179	3,367	3,736
	My Zone Green Card	100 million KRW	452	432	429
	Green Company Check Card ¹⁾	100 million KRW	562	649	769
Busan Bank	Green Card v2	100 million KRW	75	75	69
	Green Card(credit)	100 million KRW	490	448	449
	Green Card(check)	100 million KRW	380	331	318
Kyongnam Bank	Green Card(credit)	100 million KRW	356	286	278
	Green Company Card(credit)	100 million KRW	99	132	143
	Green Company Card(check)	100 million KRW			

1) Revision of data disclosed in the previous year due to changes in data compiling standards

Loan Products for Supporting Win-Win Projects for the Working Class					
Category		Unit	2020	2021	2022
Busan Bank ¹⁾	Sunshine Loan Bank	100 million KRW	-	4	32
	Stepping Stone Mid-Range-Interest Rate Loan	100 million KRW	113	79	36
	New Hope Seed Loan I and II	100 million KRW	1,260	933	870
Busan Bank ¹⁾	Safety Net Loan I and II	100 million KRW	6	6	6
	Sunshine Loan 15-17	100 million KRW	75	191	1,416
	A Place to Stay Loan	100 million KRW	24	68	533
Busan Bank ¹⁾	Busan Metropolitan City Charter Loan for Newlyweds	100 million KRW	705	1,705	2,235
	Convention Newlywed, Multicultural	100 million KRW	1,262	1,512	1,281
	Standard Loan for Office Workers	100 million KRW	-	1,804	2,810
Busan Bank ¹⁾	A New Hope Loan	100 million KRW	960	875	1,028
	Sunshine Loan 17	100 million KRW	19	17	8
	Sunshine Loan 15	100 million KRW	-	10	41
Kyongnam Bank ¹⁾	Sunshine Loan Bank	100 million KRW	-	4	12
	Charter and Monthly Rent Loan for Youth	100 million KRW	53	115	120
	Stepping Stone Mid-Range-Interest Rate Loan	100 million KRW	56	79	34
BNK Capital	BNK Mobile Credit Loan Plus	100 million KRW	2,245	3,008	2,050
	Successful Dream CAR	100 million KRW	347	343	332
	Support for Small Business Loans	100 million KRW	-	783	689

1) Revision of data disclosed in the previous year due to changes in data compiling standards

ESG Data

INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

ESG MANAGEMENT

APPENDIX

Creating Financial Synergy

ESG DATA

ESG Impact Measurement

Global Initiative

GRI Index

SASB Index

TCFD Index

UN SDGs Index

UN PRB Index

UNGC Index

Global Initiative Membership Status

Independent Assurance Statement

Greenhouse Gas Verification Statement

Awards

ESG Financial Performance

Loan Products for Innovative SME Support Program					
	Category	Unit	2020	2021	2022
Busan Bank ¹⁾	Technology Finance ¹⁾	100 million KRW	57,557	65,949	70,881
	Relational Finance ¹⁾	100 million KRW	2,954	2,670	3,704
	Technology Finance ¹⁾	100 million KRW	22,388	18,979	13,095
	Relational Finance ¹⁾	100 million KRW	837	1,218	1,426
Kyongnam Bank ¹⁾	Socioeconomic Companies Loan	100 million KRW	103	131	366
	Movable Asset Collateral Loan	100 million KRW	137	103	90
	Kyungnam New Deal Industry Convention	100 million KRW	-	17	26
	Technology Support Project for Outstanding Small and Medium Enterprises	100 million KRW	117	129	156

1) Revision of data disclosed in the previous year due to changes in data compiling standards

Loan Products for Local Small Business Owners					
	Category	Unit	2020	2021	2022
Busan Bank ¹⁾	2021 Busan Small Business Lease Business Agreement Guarantee Loan	100 million KRW	-	299	260
	Three-non Guarantee Loans	100 million KRW	-	993	784
	Three-non Plus Guarantee Loan	100 million KRW	-	203	721
	2021 Busan Small Business Support Agreement Guarantee Loan (I-II)	100 million KRW	-	1,565	1,336
	Special guarantee loans for small and medium-sized business owners with low and medium-sized credit	100 million KRW	-	104	356
	Secondary financial support (consignment guarantee) loans for small business owners	100 million KRW	306	555	502
	Guarantee loan for Busan prohibition and limited industry support agreement	100 million KRW	4	95	91
	Modoo Loan(loan for everyone)	100 million KRW	65	184	237
	Loans for liquidity support for small businesses and small business owners in Gyeongsangnam-do	100 million KRW	67	100	78
	Special loans for financial support for small businesses and small business owners in Ulsan Metropolitan City	100 million KRW	19	24	24
	Seoul Credit Guarantee Foundation Convention Loan	100 million KRW	61	48	31
	Hope Plus Special Guarantee Loans	100 million KRW	-	-	1,009
	IKEA Korea special appearance small business agreement guarantee loans	100 million KRW	-	-	3
	2022 Busan Small Business Support Agreement Guarantee Loan	100 million KRW	-	-	779
	Busan Small Business Dongbaekpium Agreement Guarantee	100 million KRW	-	-	419
	2022 Busan Small Business Lease Business Agreement Guarantee Loan	100 million KRW	-	-	176
	Korea Credit Guarantee Fund's small business consignment guarantee loans replaced with low-interest rate	100 million KRW	-	-	17
	Hope Sharing Project for Local Small Businesses	100 million KRW	118	131	156
	Our local energy-up support loan	100 million KRW	20	339	430
	Convention Loan for Secondary Conservation of Small Businesses	100 million KRW	1,026	900	774
Kyongnam Bank ¹⁾	Support for Small Business Owners affected by Coronavirus	100 million KRW	1,214	968	686
	COVID-19 Emergency Liquidity Support Special Guarantee Loan	100 million KRW	27	43	41
	Secondary Financial Support(consignment guarantee) Loan for Small Business Owners	100 million KRW	214	184	338
	Special guarantee for supporting small businesses with low and medium credit	100 million KRW	-	52	189
	Special guarantee for support for businesses restricted from gathering prohibition	100 million KRW	-	43	39
	Support for growth finance for small business owners in Gyeongsangnam-do	100 million KRW	-	57	116

1) Revision of data disclosed in the previous year due to changes in data compiling standards

ESG Data

INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

ESG MANAGEMENT

APPENDIX

Creating Financial Synergy

ESG DATA

ESG Impact Measurement

Global Initiative

GRI Index

SASB Index

TCFD Index

UN SDGs Index

UN PRB Index

UNGC Index

Global Initiative Membership Status

Independent Assurance Statement

Greenhouse Gas Verification Statement

Awards

ESG Financial Performance

Youth Start-up and Job Creation Support Products					
Category		Unit	2020	2021	2022
Busan Bank ¹⁾	Innovation Growth and Job Creation(Korea Credit Guarantee Fund)	100 million KRW	576	788	1,264
	Innovation Growth and Job Creation (Korea Technology Finance Corporation)	100 million KRW	341	360	338
	Guarantee of Agreements for banking sector job creation companies (Korea Credit Guarantee Fund/Korea Technology Finance Corporation)	100 million KRW	173	193	172
	Innovation Growth and Job Creation(Korea Technology Finance Corporation)	100 million KRW	64	55	50
	Creation of Smart Factories with Gyeongsangnam-do ¹⁾	100 million KRW	106	165	236
Kyongnam Bank ¹⁾	Gimhae-si Small Giant Companies ¹⁾	100 million KRW	22	4	-
	Reinvigoration of the Local Economy with Gimhae-si ¹⁾	100 million KRW	55	55	41
	Changwon Chamber of Commerce and Industry Co-operative Growth Loan ¹⁾	100 million KRW	-	31	7
	Support projects for youth-friendly enterprises	100 million KRW	-	3	3
	Korea Aerospace Convention Loan	100 million KRW	-	62	90

1) Revision of data disclosed in the previous year due to changes in data compiling standards

ESG Bonds				
Category		Unit	Amount of issue	Date of issue
Busan Bank	Busan Bank 2021-10 I (Byun)2A-(Sa)	100 million KRW	1,000	2021.10.29
	Busan Bank 202204 I Young Gu A07 (Sa) Amortization conditional capital securities (new)	100 million KRW	1,500	2022.04.07
	FOREIGN CURRENCY ESG BOND	1 million USD	20	
	FOREIGN CURRENCY ESG SYNDICATED LOAN	1 million USD	300	
Kyongnam Bank	Kyungnam Bank 2021-04 E2A-12 (company)	100 million KRW	1,000	2021.04.12
	Kyungnam Bank Conditional(upper)2022-05 E(new) Young A-10(company)	100 million KRW	2,000	2022.05.10
BNK Capital	BNK Capital 292 (company)	100 million KRW	400	2022.09.19

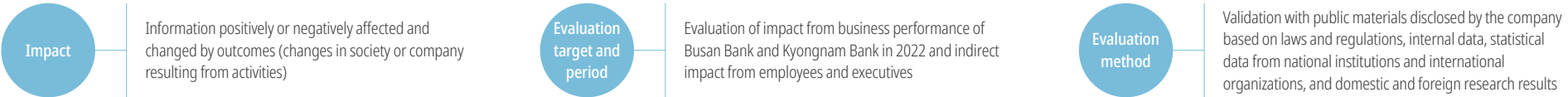
Green Loan					
Category		Unit	2020	2021	2022
Busan Bank	ESG Good Company Loan	100 million KRW	-	35	191
	Loan for Photovoltaic Power Generation Facilities ¹⁾	100 million KRW	8	10	9
	Eco-friendly(semi-public) Bus Purchase Fund ¹⁾	100 million KRW	46	67	49
	Loans from the Energy Use Rationalization Fund ¹⁾	100 million KRW	706	574	525
	Fund to Foster the Recycling Industry ¹⁾	100 million KRW	231	170	119
	Clean Green Enterprise Preferred Loan ¹⁾	100 million KRW	4	4	14
	Fund to Improve and Foster the Environment	100 million KRW	122	138	343
	Natural gas production facility installation fund	100 million KRW	71	59	50
Kyongnam Bank	Loans from the Energy Use Rationalization Fund ¹⁾	100 million KRW	646	558	553
	Fund to Foster the Recycling Industry ¹⁾	100 million KRW	118	88	62
	Fund to Improve and Foster the Environment ¹⁾	100 million KRW	91	193	214
	Fund to Install Natural Gas Supply Facilities ¹⁾	100 million KRW	25	21	19
	Photovoltaic Power Eco-friendly Corporate Loan ¹⁾	100 million KRW	411	374	339
	E-Green Loan	100 million KRW	-	2	137
BNK Capital	Support for eco-friendly rental cars	100 million KRW	224	203	436
	Financial support for eco-friendly enterprises	100 million KRW	15	37	111

1) Revision of data disclosed in the previous year due to changes in data compiling standards

ESG Impact Measurement

Measurement of Social Value

The BNK Financial Group strives to recognizes economic, social and environmental impacts directly or indirectly generated through business activities, and to consider those impacts in the management activities and decision-making process. Accordingly, the BNK Financial Group measured the impact generated through financial performance and non-financial performance of Busan Bank and Kyongnam Bank for the year of 2022 based on the methodology of PwC Total Impact Measurement and Management(TIMM).



BNK Financial Group's Impact Measurement Dimensions and Index

Economy	Impact of the company's business activities on GDP	Society	Impact of the company's business activities on society to make society members lead a better life	Environment	Impact of the company's business activities on environment and people
Profit	· The impact of the company's net profit on creation of added value of the company	Inclusion finance instrument	· The effect of prime rate offered to customers through deposits and savings, and loan instruments to improve financial accessibility of the financially vulnerable groups	Emissions of GHG	· The impact of greenhouse gas generated from the company's business activities on environment
Wage	· The impact of wages paid to employees on creation of added value	Innovative finance instrument	· The effect of prime rate offered through specialized loans for innovative enterprises and social enterprises	Eco-friendly financial instruments	· The effect of prime rate offered to customers who have a positive impact on environment with eco-friendly deposits and savings, and loan instruments
Tax	· The impact of taxes paid by the company and its employees on government tax revenue	Coexistence finance instrument	· The effect of prime rate offered to customers through deposits and savings, and loan instruments specialized in revitalizing community economy	Eco-friendly SOC investment	· The impact of eco-friendly SOC infrastructure investment on environment
Interest expense	· The impact of financial interest paid by the company on creditors	Fringe Benefits	· The impact of a fringe benefit system to improve the quality of the employees' life		
Depreciation	· The impact of inputs on the company's continuous profit creation	Social contribution	· The impact of social contribution activities on community		
Value that causes consumption	· The induced effect on production generated by household consumption as employees receive their wages	Employment of handicapped members	· The impact of wages paid to the handicapped employees on income of disabled members		

ESG Impact Measurement

BNK Financial Group's Impact Measurement Results

Positive

Operation	· The positive impact generated from business activities of Busan Bank and Kyongnam Bank and lives of those employees
Customers	· The positive impact generated from customers with the instruments and services provided by Busan Bank and Kyongnam Bank

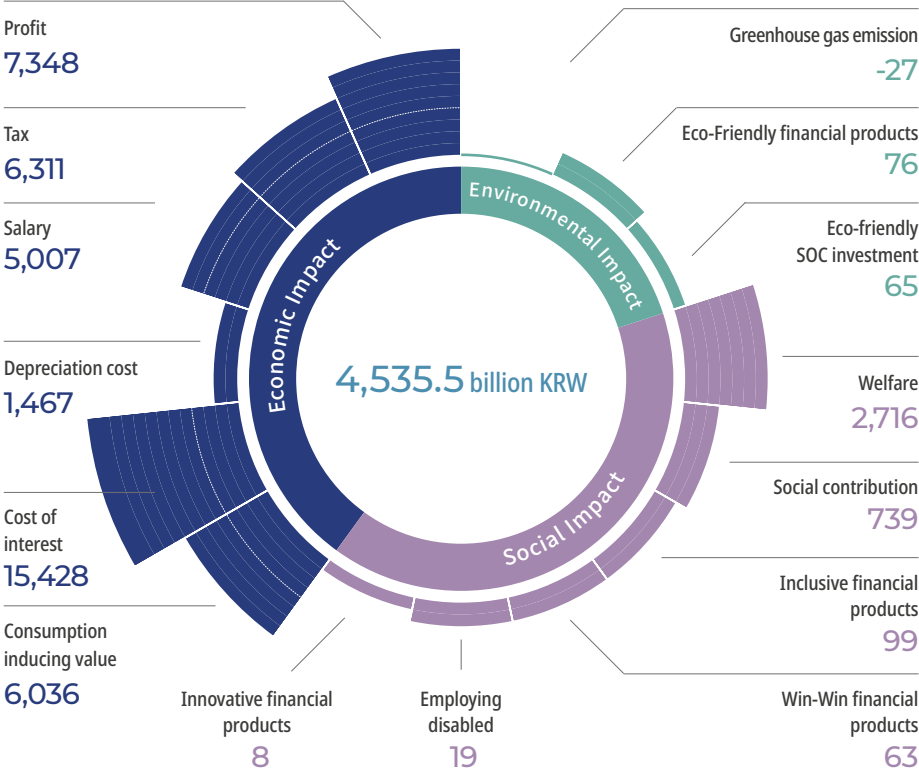
Negative

Operation	· The negative impact generated from business activities performed by Busan Bank and Kyongnam Bank, and those employees
-----------	---

Key prerequisite and consideration

This impact measurement is based on the available data from the company's performance metrics, official statistical data from national institutions and international organizations, and existing research results. A reasonable hypothesis was set to measure the impact incurred in 2022. The monetary value for the given year is subject to change in the future.

(Unit : KRW 100 million)



Global Initiative

GRI Index

Statement of use	2022 BNK Financial Group Sustainability Report GRI 2021 STANDARDS Reference (Reporting Period: 2022.01.01~2022.12.31)
GRI 1 used	GRI 1 : Foundation 2021
Applicable GRI Sector Standard(s)	As of June 2023, among the GRI Sector Standards announced by GRI, there are no GRI Sector Standards applicable to BNK Financial Group.

Universal Standards (GRI 2)

Topic	No.	Disclosure	Page	Name of Index
The organization and its reporting practices	2-1	Organizational details	5-6	Introduction of the BNK Financial Group
	2-2	Entities included in the organization's sustainability reporting	2	About The Report
	2-3	Reporting period, frequency and contact point	2	About The Report
	2-4	Restatements of information		Reported as a footnote within the corresponding page
	2-5	External assurance	160-161	Independent Assurance Statement, Greenhouse Gas Verification Statement
Activities and workers	2-6	Activities, value chain and other business relationships		
	2-7	Employees	129-130	Employee Data
	2-8	Workers who are not employees	129-130	Employee Data
Governance	2-9	Governance structure and composition	100, 103	Board Composition, Committees under the Board of Directors
	2-10	Nomination and selection of the highest governance body	101-102	Independence of the Board of Directors, Management of Outside Director Candidate Group
	2-11	Chair of the highest governance body	100	Board Composition
	2-12	Role of the highest governance body in overseeing the management of impacts	106	Risk Management Governance and Roles
	2-13	Delegation of responsibility for managing impacts	103, 106	Committees under the Board of Directors, Risk Management Governance and Roles
	2-14	Role of the highest governance body in sustainability reporting	11	Materiality Assessment Process
	2-15	Conflicts of interest	101	Independence of the Board of Directors
	2-16	Communication of critical concerns	10	Communication with Stakeholders
	2-17	Collective knowledge of the highest governance body	102	Education for Outside Directors
	2-18	Evaluation of the performance of the highest governance body	105	Evaluation of the Board of Directors

Universal Standards (GRI 2)

Topic	No.	Disclosure	Page	Name of Index
Governance	2-19	Remuneration policies	104-105	Fair Board of Directors Compensation and Evaluation
	2-20	Process to determine remuneration	104-105	Fair Board of Directors Compensation and Evaluation
	2-21	Annual total compensation ratio	133	Status of Total Remuneration for Employees
Compliance with laws and regulations and practices	2-22	Statement on sustainable development strategy	4	CEO Message
	2-23	Policy commitments	9	ESG Promotion Strategy
	2-24	Embedding policy commitments	9	ESG MID- to Long-term Roadmap
	2-25	Processes to remediate negative impacts	12-13 106-108	Materiality Assessment Results, Management of Material Issues, Risk Management
	2-26	Mechanisms for seeking advice and raising concerns	39, 42 111, 137	Education for Outside Directors
	2-27	Compliance with laws and regulations	137	Significant Fines and Non-monetary Sanctions for Non-compliance with Laws and/or Regulations in the Social and Economic area
	2-28	Joined associations	139, 159	Record of Payments of Membership Fees to Kye Associations, Status of Participation in Global Initiatives
	2-29	Approach to stakeholder engagement	10	Definition of Stakeholders, Communication with Stakeholders
Stakeholder engagement	2-30	Collective bargaining agreements	132	Labor Union Subscription Rate

Universal Standards (GRI 3)

Topic	No.	Disclosure	Page	Name of index
Disclosures on material topics	3-1	Process to determine material topics	11	Materiality Assessment Process
	3-2	List of material topics	12	Materiality Assessment Results
	3-3	Management of material topics	13	Management of Material Issues

INTRODUCTION
ESG STRATEGY & PROGRESS
FOCUS AREA
ESG MANAGEMENT
APPENDIX
Creating Financial Synergy
ESG DATA
ESG Impact Measurement
Global Initiative
GRI Index
SASB Index
TCFD Index
UN SDGs Index
UN PRB Index
UNGC Index
Global Initiative Membership Status
Independent Assurance Statement
Greenhouse Gas Verification Statement
Awards

Global Initiative

GRI Index

Universal Standards (GRI 200)				
Topic	No.	Disclosure	Page	Name of Index
Economic Performance	201-1	Direct economic value generated and distributed	126	Creation and distribution of direct economic values
	201-2	Financial implications and other risks and opportunities due to climate change	21-22	Risks and Opportunities according to Climate Change
	201-3	Defined benefit plan obligations and other retirement plans	133	Defined Benefits Retirement Pension Scheme of the Organization
Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	133	The Gender Wage of New Employees compared to the Local Minimum Wage in Major Business Areas
Significant indirect economic mpactsonomic Impacts	203-2	Significant indirect economic impacts	144-145	ESG Impact Measurement
	205-1	Operations assessed for risks related to corruption	110, 137	Internal Control Promotion Activities, A System of Selecting Excellent Subsidiaries, Inspections of Subsidiary's own Internal Control System
Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	109-110	Internal Control System, Internal Control Promotion Activities
	205-3	Confirmed incidents of corruption and actions taken	137	Corruption Cases Identified and Countermeasures
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	137	Legal Actions for Anti-Competitive Behavior, Anti-trust, and Monopoly Practices
Tax	207-1	Approach to tax	126	BNK Financial Group's Taxation Strategies
	207-2	Tax governance, control, and risk management	126	BNK Financial Group's Taxation Strategies

Universal Standards (GRI 300)				
Topic	No.	Disclosure	Page	Name of Index
Materials	301-1	Materials used by weight or volume	127	Materials Used
Energy	302-1	Energy consumption within the organization	128	Energy Consumption
	302-2	Energy consumption outside of the organization	128	Energy Consumption
	302-3	Energy intensity	128	Energy Consumption(Energy Use Intensity)
	302-4	Reduction of energy consumption	50-51	Implementation of Pollution-free Work Vehicles, Operation of Eco-friendly Buildings, Energy Saving Campaign, Mail Emptiness Challenge
	302-5	Reductions in energy requirements of products and services	53	Card with Eco-friendly Materials
Water and Effluents	303-5	Water consumption	127	Water Resource (Water Consumption)
Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	98	Environmental Protection Activities
	304-3	Habitats protected or restored	94	2022 Social Contribution Activities Highlight
	305-1	Direct (Scope 1) GHG emissions	128	Greenhouse Gas Emissions (Scope 1,2)
Emissions	305-2	Energy indirect (Scope 2) GHG emissions	128	Greenhouse Gas Emissions (Scope 1,2)
	305-3	Other indirect (Scope 3) GHG emissions	129	Greenhouse Gas Emissions (Scope 3)
	305-4	GHG emissions intensity	128	Greenhouse Gas Emissions (Scope 1,2)
	305-5	Reduction of GHG emissions	51	Implementation of Solar Power Generator Equipment
	305-6	Emissions of ozone-depleting substances (ODS)	-	N/A
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	-	N/A
	306-3	Waste generated	127	Waste

Global Initiative

INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

ESG MANAGEMENT

APPENDIX

Creating Financial Synergy

ESG DATA

ESG Impact Measurement

Global Initiative

GRI Index

SASB Index

TCFD Index

UN SDGs Index

UN PRB Index

UNGC Index

Global Initiative Membership Status

Independent Assurance Statement

Greenhouse Gas Verification Statement

Awards

GRI Index

Universal Standards (GRI 400)				
Topic	No.	Disclosure	Page	Name of Index
Employment	401-1	New employee hires and employee turnover	131	Newly Hired Employees and Employee Turnover
	401-3	Parental leave	86, 134	Childcare and Childcare Support, Number of Employees Who Took Childcare Leave
Labor/ Management Relations	402-1	Minimum notice periods regarding operational changes	86	Strengthening Employee Communication and Satisfaction
Occupational Health and Safety	403-1	Occupational health and safety management system	87-88	Safety and Health Management Strategy, Safety and Health Management Promotion System
	403-2	Hazard identification, risk assessment, and incident investigation	89	Safety and Health Risk Management
	403-3	Occupational health services	89	Supporting Employee Health Management
	403-4	Worker participation, consultation, and communication on occupational health and safety	89	Supporting Employee Health Management
	403-5	Worker training on occupational health and safety	89	Supporting Employee Health Management
	403-6	Promotion of worker health	89	Supporting Employee Health Management
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	89	Safety and Health Risk Management
	403-8	Workers covered by an occupational health and safety management system	87	Safety and Health Management Strategy
	403-9	Work-related injuries	136	Number of Days of Absence Due to Illness or Injury
	403-10	Work-related ill health	136	Number of Days of Absence Due to Illness or Injury
	404-1	Average hours of training per year per employee	134	Employee Training
	404-2	Programs for upgrading employee skills and transition assistance programs	91-92	A System of Fostering Talents, Fostering Experts in the Core Sectors of the Group, Improving Work Efficiency through Training Courses and Acquisition of Certification
	404-3	Percentage of employees receiving regular performance and career development reviews	134	Employees Receiving Regular Performance and Career Development Reviews

Universal Standards (GRI 400)				
Topic	No.	Disclosure	Page	Name of Index
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	45-46, 131	Diversity Policies, Fostering Female Talents, Enhancing Employees' Awareness on Diversity, Social Equity in Employment, Status of Diversity
	405-2	Ratio of basic salary and remuneration of women to men	133	The Gender Wage of New Employees Compared to the Local Minimum Wage in Major Business Areas
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	41-42, 137	Human rights risk management process, Human rights impact assessment, Number of sanctions related to discrimination
Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	-	N/A
Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	-	N/A
Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	-	N/A
Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	-	N/A
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	94-98	Contribution to local community
	413-2	Operations with significant actual and potential negative impacts on local communities	-	N/A
Public Policy	415-1	Political contributions	-	In accordance with Article 31 of the Political Funds Act, we do not make political donations.
Marketing and Labeling	417-1	Requirements for product and service information and labeling	74	Easy-to-read privacy policy
	417-2	Incidents of non-compliance concerning product and service information and labeling	69	Incomplete sales prevention activities
	417-3	Incidents of non-compliance concerning marketing communications	69	Incomplete sales prevention activities
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	74	Personal information protection management system

INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

ESG MANAGEMENT

APPENDIX

Creating Financial Synergy

ESG DATA

ESG Impact Measurement

Global Initiative

GRI Index

SASB Index

TCFD Index

UN SDGs Index

UN PRB Index

UNGC Index

Global Initiative Membership Status

Independent Assurance Statement

Greenhouse Gas Verification Statement

Awards

Global Initiative

SASB Index

Table 1. Sustainability Disclosure Topics & Accounting Metrics

Topic	Code	Unit	Disclosure Items	2022 Disclosure
Data security	FN-CB-230a.1	number, percentage (%)	(1) Number of data breaches (2) percentage involving personally identifiable information (PII) (3) number of account holders affected	There were no data breaches or leaks in the reporting year.
	FN-CB-230a.2	Not applicable	Description of approach to identifying and addressing data security risks	<p>BNK Financial Group is focusing on strengthening digital security. In order to achieve zero cyber hacking and information leakage incidents, BNK Financial Group analyzes the vulnerabilities of electronic financial infrastructure to prevent cyber attacks and conducts various response training. In addition, to preemptively respond to rapidly increasing financial fraud, we are promoting the development of protective measures for safe electronic financial transactions, conducting post-examinations to maintain domestic and international security certifications, and improving the digital service security system. In particular, we are advancing the technology operating system to maintain system safety, strengthen business support, and streamline IT work and support management at the group level. Accordingly, BNK Financial Group complies with the Electronic Financial Transaction Act and its Enforcement Decree. We appoints a qualified person with academic background or technical qualifications in the field of information protection or information technology (IT) as the Chief Information Security Officer (CISO, Chief) who oversees information security tasks. Information Security Officer). In addition, the information protection department under direct control of the CEO has been developed and managed to carry out information protection tasks such as security planning, security operation, security diagnosis, and security control, as well as personal credit information tasks. In the case of Busan Bank and Kyongnam Bank, a new organization (Personal Credit Information Team) dedicated to personal credit information protection was established in 2023 to strengthen the customer information protection system.</p> <p>Risks related to information security and the results of countermeasure activities, including the inspection results of the group's use and management of personal credit information, are regularly reported to the board of directors of BNK Financial Group every year. For major decision-making related to information security, we operate the Information Protection Committee. This is composed of seven members, including heads of departments in charge of information protection, computer operation and development, and compliance, with the CISO as the chairman. The Information Protection Committee supports the establishment of regulations and guidelines for information protection and customer information protection and timely decisions on major issues. In addition, every year, plans for the information technology sector, including information protection, are developed, and the details are reported to the Financial Services Commission with the approval of the CEO and the review and resolution of the Information Protection Committee.</p>

INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

ESG MANAGEMENT

APPENDIX

Creating Financial Synergy

ESG DATA

ESG Impact Measurement

Global Initiative

GRI Index

SASB Index

TCFD Index

UN SDGs Index

UN PRB Index

UNGC Index

Global Initiative Membership Status

Independent Assurance Statement

Greenhouse Gas Verification Statement

Awards

Global Initiative

SASB Index

Table 1. Sustainability Disclosure Topics & Accounting Metrics

Topic	Code	Unit	Disclosure Items	2022 Disclosure	
Financial inclusion & capacity building	FN-CB-240a.1	number, 100 million won	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	[Busan Bank] (1) Number of outstanding loans: 43,566 cases (2) Unpaid loan amount: KRW 6823 hundred million	[Kyongnam Bank] (1) Number of outstanding loans: 2,680cases (2) Unpaid loan amount: KRW 2769 hundred million
	FN-CB-240a.2	number, 100 million won	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	[Busan Bank] (1) 693 cases (2) KRW 75 hundred million	[Kyongnam Bank] (1) 202 cases (2) KRW 27 hundred million
	FN-CB-240a.4	numbers	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	[Busan Bank] 11,299 persons	[Kyongnam Bank] 11,304 persons
Incorporation of environmental, social, and governance factors in credit analysis	FN-CB-410a.1	100 million won, %	Commercial and industrial credit exposure, by industry * The ratio of manufacturing/non-manufacturing industries is based on loans in KRW equal to corporate loans.)	[Busan Bank-Kyongnam Bank] Corporate loan:629,314, 100% - Manufacturing: 188,207, 29.9% - Non-manufacturing: 441,107, 70.1% Household loan:294,210 Loan in Korean won: 922,894	
	FN-CB-410a.2	Not applicable	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	BNK Financial Group developed an investment process that reflects environmental and social risk factors and ESG risks related to investment and asset management principles. In the case of Busan Bank, Kyongnam Bank, and BNK Capital, the ESG management level, such as the company's environmental management practice status, stable labor supply capacity, and ethical management level, is systematically checked and evaluated through the ESG checklist during corporate credit evaluation. If a grade above a certain level is granted in the self-evaluation result, a loan is provided or investment is approved according to the general credit/investment process. On the other hand, if the grade is below a certain level, an evaluation is requested to a specialized agency and a decision is made based on the final result of the evaluation. BNK Capital developed standards for ESG excellent companies from 2023 and applies preferential interest rates to ESG excellent companies. In addition, we plan to establish detailed evaluation standards for environmental management that enhance objectivity in ESG evaluation, and prepare and operate bylaws specifying the types of essential supporting data and the mandatory submission.	

INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

ESG MANAGEMENT

APPENDIX

Creating Financial Synergy

ESG DATA

ESG Impact Measurement

Global Initiative

GRI Index

SASB Index

TCFD Index

UN SDGs Index

UN PRB Index

UNGC Index

Global Initiative Membership Status

Independent Assurance Statement

Greenhouse Gas Verification Statement

Awards

Global Initiative

SASB Index

Table 1. Sustainability Disclosure Topics & Accounting Metrics

Topic	Code	Unit	Disclosure Items	2022 Disclosure
Business ethics	FN-CB-510a.1	a 100 million won	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti- competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	There is no monetary loss incurred as a result of legal proceedings related to the laws and regulations of the financial industry.
	FN-CB-510a.2	Not applicable	Description of whistleblower policies and procedures	BNK Financial Group operates an insider reporting system through which violations of ethical management and practice guidelines can be reported to the group's compliance officer. Through this, we prevent ethics and compliance violations in advance and take immediate action when it occurs. Through the Internet homepage, bank employees are informed of the insider reporting system, reporting method, and confidentiality of reporters, and insider reporting can be completed through the homepage. In addition, through external consignment (Red Whistle), an online and mobile app-based 'BNK Helpline' completely separated from the internal network was established to maximize the protection of reporters, convenient anonymous reporting and compliance inquiries, and the progress of reported matters. BNK Financial Group will increase accessibility through continuous system improvement and establish a more systematic reporting process. In order to stimulate the whistle blower system, we are continuously produce and distribute stickers, and we plan to produce and operate a screen saver to inform the whistleblower system and operate it according to the circumstances of each company.
Systemic risk management	FN-CB-550a.1	Basic points(bps)	Global Systemically Important Bank (G-SIB) score, by category	We do not fall under the G-SIB.
	FN-CB-550a.2	Not applicable	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long- term corporate strategy, and other business activities	BNK Financial Group conducts a group-wide integrated crisis analysis twice a year to evaluate potential vulnerabilities that can occur exceptionally. This analyzes the impact of profit and loss by scenario, capital adequacy, and risk type. The crisis situation analysis process consists of preparing crisis scenarios, major risk factors for each scenario, impact on management indicators, profit and loss, capital adequacy evaluation, liquidity inspection, and establishment of countermeasures. Crisis situation analysis is used to develop the direction of risk management and management plans for the next yea. An additional crisis situation analysis is conducted according to the rapidly changing internal and external economic environment.

- INTRODUCTION
- ESG STRATEGY & PROGRESS
- FOCUS AREA
- ESG MANAGEMENT
- APPENDIX
 - Creating Financial Synergy
 - ESG DATA
 - ESG Impact Measurement
 - Global Initiative
 - GRI Index
 - SASB Index
 - TCFD Index
 - UN SDGs Index
 - UN PRB Index
 - UNGC Index
 - Global Initiative Membership Status
 - Independent Assurance Statement
 - Greenhouse Gas Verification Statement
 - Awards

Global Initiative

SASB Index

Table 2. Activity Metrics

Topic	Code	Unit	Disclosure Items	2022 Disclosure	
Activity	FN-CB-000.A	number, 100 million won	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	[Busan Bank] Number and amount of individual customers (1-a) 4,091,332 people (2-a) KRW 195,959 hundred million Number and amount of SMEs/small business owners (1-b) 104,095 people (2-b) KRW 391,767 hundred million	
				[Kyongnam Bank] Number and amount of individual customers (1-a) 2,967,050 people (2-a) KRW 113,053 hundred million Number and amount of SMEs/small business owners (1-b) 79,175 people (2-b) KRW 284,452	
Activity	FN-CB-000.B	number, 100 million won	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	[Busan Bank] Number and amount of individual customers (1-a) 201,417 cases (2-a) KRW 173,253 hundred million Number and amount of small business owners (1-b) 142,856 cases (2-b) KRW 337,393 hundred million Number and amount of loans to companies (1-c) 292 cases (2-c) KRW 26,140 hundred million	
				[Kyongnam Bank] Number and amount of individual customers (1-a) 228,133 cases (2-a) KRW 120,957 hundred million Number and amount of small business owners (1-b) 131,366 cases (2-b) KRW 234,671 hundred million Number and amount of loans to companies (1-c) 467 cases (2-c) KRW 17,121hundred million	

Global Initiative

TCFD Index

Subject	Recommended Disclosures	Reporting Page
Governance	a) Describe the board's oversight of climate-related risks and opportunities.	18-19
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	21-22
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	24-25
	b) Describe the impact of climaterelated risks and opportunities on the organization's businesses, strategy, and financial planning.	24-25
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	23-26
Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks.	28-31
	b) Describe the organization's processes for managing climate-related risks.	28-31
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	28-31
Metrics and Targets	a) Disclose the metrics used by the organization to assess climaterelated risks and opportunities in line with its strategy and risk management process.	21-31
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	32-35
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	36-37

INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

ESG MANAGEMENT

APPENDIX

Creating Financial Synergy

ESG DATA

ESG Impact Measurement

Global Initiative

GRI Index

SASB Index

TCFD Index

UN SDGs Index

UN PRB Index

UNGC Index

Global Initiative Membership Status

Independent Assurance Statement

Greenhouse Gas Verification Statement

Awards

Global Initiative

UN SDGs Index

The UN SDGs (UN Sustainability Development Goals) are the largest common goals adopted by the United Nations and the international community to be newly implemented from 2016 to 2030 after the Millennium Development Goals (MDGs) ended in 2015. In September 2015, the UN General Assembly drew 17 global priority tasks to establish universal human problems such as poverty and disease, environmental problems, and inclusive economic growth.

BNK Financial Group is making active efforts to solve social problems by linking business activities with the SDGs. Going forward, as a global standard financial group, we will do our best to create, share, and coexist with stakeholders to create sustainable future values.

INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

ESG MANAGEMENT

APPENDIX

Creating Financial Synergy

ESG DATA

ESG Impact Measurement

Global Initiative

GRI Index

SASB Index

TCFD Index

UN SDGs Index

UN PRB Index


UNGC Index

Global Initiative Membership Status

Independent Assurance Statement

Greenhouse Gas Verification Statement

Awards

UN SDGs	Response status	Page
 1 POVERTY Elimination of all forms of poverty	· A system of promotion financial inclusion · Financial inclusion for the financially vulnerable · Pro bono activities for local community	78-82, 94-98
 3 GOOD HEALTH AND WELL-BEING Good health and well-being	· Promoting safety and health management	87-89
 4 QUALITY EDUCATION Ensure quality education	· Customer financial education · Human resource development · Academic and educational support activities	67, 90-92, 96
 5 GENDER EQUALITY Achieve gender equality	· Childcare and childcare support · Diversity status · Number of employees who took children leave	86, 131, 134
 7 AFFORDABLE AND CLEAN ENERGY Sustainable energy	· Efforts to save energy	50-51
 8 DECENT WORK AND ECONOMIC GROWTH Economic growth, full employment and decent job creation	· Fintech startup support · Innovative finance · Coexistence finance · Creating a good corporate culture for work · 2022 social contribution activity highlight (Busan 50+ internship project)	63-64 76-77 83-84 85-86 94
 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE Establishment of basic social facilities	· Promoting eco-friendly project financing	55

UN SDGs	Response status	Page
 10 REDUCED INEQUALITIES Alleviating inequality	· Human rights management · Local community contribution	39-46 94-98
 11 SUSTAINABLE CITIES AND COMMUNITIES Creating sustainable cities and habitats	· Innovative finance · Coexistence finance	76-77 83-84
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION Sustainable consumption and production	· Eco friendly loan-receipt-card products · Customer-oriented finance	52-53 65-70
 13 CLIMATE ACTION Climate change solution	· Finance that responds to climate change · Environmental management · Eco-friendly finance · UN PRB disclosure	16-37 49-58 155-157
 14 LIFE BELOW WATER Conservation of marine resources	· Environmental protection activities	50-51
 16 PEACE, JUSTICE AND STRONG INSTITUTIONS Establishment of a just judicial system	· Sound governance and operation · Ethical management	100-105 109-114

Global Initiative

UN PRB Index

PRB Implementation Declaration

The BNK Financial Group joined the UNEPFI in March 2022 and officially declared the implementation of UN PRB (United Nations Principles for Responsible Banking).

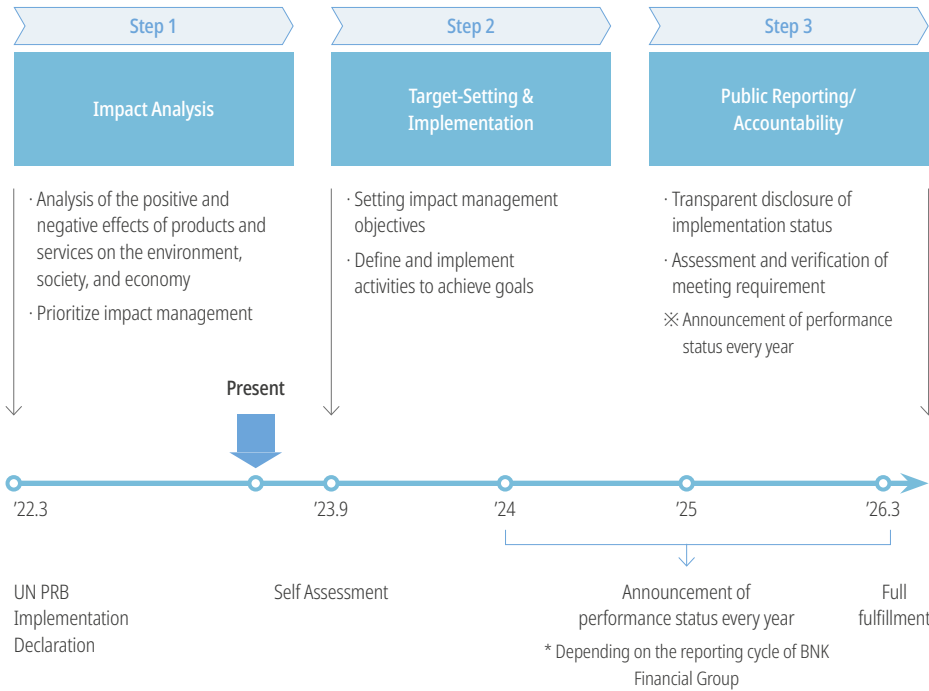
The Principle of Responsible Banking, an international agreement that defines the role and responsibility of the financial industry for the implementation of the Paris Climate Agreement and the UN SDGs (Sustainable Development Goals), consists of six principles. BNK Financial Group will fulfill its role and responsibilities in finance for a sustainable future by complying with the principle of responsible banking.

Six Principles of Responsible Banking

Principle 1 Alignment	Establishing a bank's business strategy in conjunction with the UNDGs or the Paris Climate Agreement
Principle 2 Impact and Tartget Setting	Identify socially positive and negative risks and set goals for managing those risks
Principle 3 Clients and Customers	Support responsible activities of clients and customers
Principle 4 Stakeholders	Disclosure of stakeholder concerns and discussions with stakeholders
Principle 5 Governance and Culture	Describe the corporate governance structure or corporate culture for the implementation of the responsible banking principles
Principle 6 Transparency and Accountability	Disclosure of whether the principles are implemented and the status reporting

PRB Implementation Plan

The BNK Financial Group plans to officially declare the implementation of UNPRB and disclose self-assessment and related information for implementation within 18 months, and complete activities in accordance with the principle of responsible banking within 4 years. The BNK Financial Group will achieve the three stages of 'impact analysis', 'target setting and implementation', and 'public notice' required by UNEPFI for the full implementation of the responsible banking principles.



INTRODUCTION
ESG STRATEGY & PROGRESS
FOCUS AREA
ESG MANAGEMENT
APPENDIX
Creating Financial Synergy
ESG DATA
ESG Impact Measurement
Global Initiative
GRI Index
SASB Index
TCFD Index
UN SDGs Index
UN PRB Index
UNGC Index
Global Initiative Membership Status
Independent Assurance Statement
Greenhouse Gas Verification Statement
Awards

Global Initiative

UN PRB Index

Principle	Self Assessment Requirements and Agendas Reported	Response by BNK Financial Group	Reporting location
1. Linkage	Encourage to link business strategies with social objectives presented in the SDGs, the Paris Climate Agreement and national/regional frameworks		
	1.1 Describe the bank's business model including financing techniques for major customer sectors, types of products and services, main industrial and activity types, and areas where the bank operates or where products and services are provided	Launched on March 15, 2011 as South Korea's first financial holding company of local banks, the BNK Financial Group is growing as a financial group leading the global financial market based on a network of 381 domestic branches and 77 overseas branches as of May 2023. The group has become the nation's leading regional and total financial group by expanding business area into overall financial business including banking, loan-specializing financial business, financial investment, savings bank business, start-up investment, credit check and debt collection, and system supply and development.	· Business report(The Company's overview)
	1.2 As explicitly set out in the SDGs, the Paris Climate Agreement and related national/regional frameworks, describe how the bank adjusts and plans strategies to correspond and contribute to the objectives of the society	The BNK Financial Group established the three strategic directions of 'Responsible Growth,' 'Growing Together,' and 'Trusted Growth' pursuant to the ESG vision of 'Creating Social Value by Realizing Sustainable Finance.' Under such strategic directions, we are enhancing the mid- to long-term values of all stakeholders and establishing and implementing detailed strategies through climate change scenario analysis and mutual growth project with local community to pursue sustainable management in accordance with global sustainable management initiatives.	
2. Setting the Impact and Objectives	Continue to enhance positive impacts while minimizing and managing the negative impacts and risks on people and the environment from activities, products and services. For this, set and disclose targets that can have the most significant impact.		
	2.1 Impact Analysis: Identifying areas that have the most important positive and negative impacts in consideration of the following factors a) Scope: Scope: Key business scope, Products and services provided to key business areas b) Portfolio composition: Consideration of technological and geographical aspects by area c) Context and relevance: Consideration of priority related to the national SDGs d) Performance measurement: Identifying the segment and industry that have the most important positive and negative impact, and the type of customers, and the method of evaluating their performance	The BNK Financial Group has identified the impact of business activities on climate change and has established response measures. To manage the impact from the long-term perspectives, the group has developed and operated the climate change risk management system. In addition, by establishing a system of promoting financial inclusion, we are offering customized programs including both financial and non-financial for lower income brackets, small businesses, socio-economic companies, and multicultural families; thus contributing to easing the financial burdens of lower-income families and stabilizing the economy for the common people.	· Sustainability Report p.28-31, p.78-82
	2.2 Impact and goal setting a) Actions taken in consideration of the relevance and contribution to the SDGs, the Paris Climate Agreement and other national framework, as well as positive and negative impacts b) Current level and index, and base year c) SMART goals and KPI used in monitoring d) Implementation plan	The BNK Financial Group established the goals of achieving internal emissions Net Zero by 2045 and financial emissions Net Zero by 2050 to accomplish carbon neutrality goals. At the same time, through the 'Crisis Overcoming Together Project', which will carry out support activities worth KRW 14 trillion 720.5 billion over three years from 2022, the group aims to contribute to the stable landing of financially vulnerable groups.	· Sustainability Report p.27, p.79

INTRODUCTION
ESG STRATEGY & PROGRESS
FOCUS AREA
ESG MANAGEMENT
APPENDIX
Creating Financial Synergy
ESG DATA
ESG Impact Measurement
Global Initiative
GRI Index
SASB Index
TCFD Index
UN SDGs Index
UN PRB Index
UNGC Index
Global Initiative Membership Status
Independent Assurance Statement
Greenhouse Gas Verification Statement
Awards

Global Initiative

UN PRB Index

Principle	Self Assessment Requirements and Agendas Reported	Response by BNK Financial Group	Reporting location
3. Customer	We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.		
	3.1 Method of cooperation with customers for sustainable practices and economic activities	The BNK Financial Group is providing the foundation that can respond to climate change and transition to a low-carbon economy by developing products and services necessary for the growth of eco-friendly companies. Furthermore, we are constructing an environment where customers can voluntarily participate in eco-friendly finance by developing eco-friendly deposit and eco-material card products for individual customers.	· Sustainability Report p.52-53
	3.2 Describe what business opportunities and efforts in relation to the increase of positive and the reduction of negative impacts	The BNK Financial Group aims to realize the common value of sustainability with our clients through customer engagement activities. We are promoting sustainable economic activities of our customers and improving our business structure and portfolio by developing and selling sustainable financial products. We have established a systematic process and management system to develop financial products that align with our direction and goals, and to enhance customer trust in these products.	· Sustainability Report p.33-34, p.37
4. Stakeholders	Preliminary consultation, engagement, and collaboration with stakeholders for the achievement of society's goals		
	4.1 Types of stakeholders, methods of identifying/consulting/ collaborating with stakeholders, overview of addressed issues and achieved results in relation to the impact analysis and target setting process	The BNK Financial Group has defined six key stakeholder groups in order to communicate effectively with stakeholders who influence management activities, and is communicating by diversifying communication channels for each stakeholder group.	· Sustainability Report p.10, p.18-20, p.68, p.78, p.84, p.88, p.90 · Homepage (IR investor information)
5. Governance & Culture	We will implement the principles through effective governance and a culture of responsible banking		
	5.1 Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage positive and negative (potential) impacts and support the effective implementation of the Principles	The BNK Financial Group is continuously strengthening the practice of the Group's ESG management by establishing the Group's ESG strategy and policy, and overseeing all areas of ESG, including response to climate change.	· Sustainability Report p.103, 106-108
	5.2 Initiatives and measures of your bank to foster a culture of responsible banking among its employees	The BNK Financial Group is conducting ESG education through e-campus, a learning platform, for all its employees to enhance their competences and raise their awareness about ESG factors related to the financial industry.	· Sustainability Report p.92
	5.3 Policies that address environmental and social risks within the portfolio, due diligence processes that have installed to identify and manage environmental and social risks associated with your portfolio.	The BNK Financial Group, as a profit-oriented corporation based on public interest, is enhancing sustainability by performing as an intermediary for the flow of funds within the country and supporting the real economy. As a part of these efforts, we are ensuring the sustainability of our portfolio by reflecting environmental and social risks in our investment strategies, and we are in the process of developing financial products and services that meet the needs of various investors and raise the sustainability level of other companies.	· Sustainability Report p.33-34, p.54, p.58
6. Transparency & Accountability	Disclose the negative/positive impacts on society arising from regular inspections and management activities		
	6.3 Performance matters for the next 12 months (or 18 months after the first report following the signature)	The BNK Financial Group has established the ESG strategy and mid-to-long term roadmap pursuant to the ESG vision of 'Creating Social Value by Realizing Sustainable Finance.' In order to advance the ESG strategy system, we intend to perform a variety of tasks as described below.	· Sustainability Report p.9, p.21-22, p.27, p.37, p.55, p.78, p.106

INTRODUCTION
ESG STRATEGY & PROGRESS
FOCUS AREA
ESG MANAGEMENT
APPENDIX
Creating Financial Synergy
ESG DATA
ESG Impact Measurement
Global Initiative
GRI Index
SASB Index
TCFD Index
UN SDGs Index
UN PRB Index
UNGC Index
Global Initiative Membership Status
Independent Assurance Statement
Greenhouse Gas Verification Statement
Awards

Global Initiative

UNGC Index

The UN Global Compact (UNGC) is the world's largest voluntary corporate citizenship initiative, offering ten principles of human rights, labor, environment, and anti-corruption, with BNK Financial Group joining the initiative to fulfill corporate social responsibility and comply with the ten principles of the UNGC.

In the future, we will continue to participate in the implementation of UNGC's 10 principles and transparently disclose their achievements to fulfill our responsibility as a corporate citizen for sustainable society.









Principle	Major activities	Page
Human Rights	Principle 1. Businesses support and respect internationally declared protection of human rights.	40-43
	· Establishment of human rights management principles and strategies · Compliance with labor principles and laws · Evaluation of Human Rights Vulnerability · Operation of the member grievance process	
Labour	Principle2. Businesses do not participate in human rights violations.	40, 132
	Principle3. The entity recognizes freedom of association and the right to collective bargaining.	
	Principle4. Companies exclude all forms of forced labor.	
	Principle5. Businesses effectively abolish child labor.	
	Principle6. Businesses eliminate discrimination in employment and work.	

Principle	Major activities	Page
Environment	Principle7. Businesses support a preventive approach to environmental issues.	17-18 26 49-53 155
	Principle8. Companies take measures to promote environmental responsibility.	
	Principle9. Companies support the development and dissemination of environmentally friendly technologies.	
Anti-Corruption	Principle10. Companies strive to eradicate all forms of corruption, including unfair gains and bribes.	109-114, 137

- INTRODUCTION
- ESG STRATEGY & PROGRESS
- FOCUS AREA
- ESG MANAGEMENT
- APPENDIX
 - Creating Financial Synergy
 - ESG DATA
 - ESG Impact Measurement
 - Global Initiative
 - GRI Index
 - SASB Index
 - TCFD Index
 - UN SDGs Index
 - UN PRB Index
 - UNGC Index
 - Global Initiative Membership Status
 - Independent Assurance Statement
 - Greenhouse Gas Verification Statement
 - Awards

Global Initiative

Global Initiative Membership Status

Initiative	Details		Date of join
 United Nations Global Compact	UNGC	The UN Global Compact (UNGC) is the world's largest voluntary corporate citizenship initiative, offering ten principles of human rights, labor, environment, and anti-corruption.	2020.7
 CDP DRIVING SUSTAINABLE ECONOMIES	CDP	The Carbon Disclosure Project is a global initiative and evaluation agency for the disclosure of information related to environmental aspects such as climate change and water management of major listed companies around the world.	2021.5
 TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES	TCFD	An international organization that develops standards and guidelines for climate-related financial information, and an initiative that recommends that the disclosure of financial information reflecting the risks of climate change.	2021.5
 NZAMI NEW ZEALAND ASSOCIATION FOR MIGRATION & INVESTMENT	NZAMI	Net Zero Asset Managers Initiative (NZAMI), a global carbon neutrality movement by asset managers.	2021.11
 FINANCE UNEP INITIATIVE	UNEP FI	As a global initiative involving over 300 leading global financial institutions aims to promote sustainable management in the financial industry; a global partnership between UNEP and the international financial sector.	2022.3
 PRINCIPLES FOR RESPONSIBLE BANKING	UN PRB	An international agreement that defines the roles and responsibilities of the financial industry, developed to promote sustainable management in terms of environment, society, and governance in the global banking sector.	2022.3
 PCAF Partnership for Carbon Accounting Financials	PCAF	A global initiative led by financial institutions focusing on the calculation and disclosure of financial emissions resulting from the asset management of financial institutions	2022.3
 SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION	SBTi	The Science-based Target Initiative (SBTi) is an initiative that presents and monitors the carbon reduction target standards of businesses and financial institutions to achieve the Paris Climate Agreement.	2022.3

Independent Assurance Statement

To readers of BNK Financial Group Sustainability Report 2022

Introduction

Korea Management Registrar (KMR) was commissioned by BNK Financial Group to conduct an independent assurance of its Sustainability Report 2022 (the “Report”). The data and its presentation in the Report is the sole responsibility of the management of BNK Financial Group. KMR’s responsibility is to perform an assurance engagement as agreed upon in our agreement with BNK Financial Group and issue an assurance statement.

Scope and Standards

BNK Financial Group described its sustainability performance and activities in the Report. Our Assurance Team carried out an assurance engagement in accordance with the AA1000AS v3 and KMR’s assurance standard SRV1000. We are providing a Type 2, moderate level assurance. We evaluated the adherence to the AA1000AP (2018) principles of inclusivity, materiality, responsiveness and impact, and the reliability of the information and data provided using the Global Reporting Initiative (GRI) Index provided below. The opinion expressed in the Assurance Statement has been formed at the materiality of the professional judgment of our Assurance Team.

Confirmation that the Report was prepared in accordance with GRI standards 2021 was included in the scope of the assurance. We have reviewed the topic-specific disclosures of standards which were identified in the materiality assessment process.

- GRI Sustainability Reporting Standards 2021
- Universal standards
- Topic specific standards
- GRI 205 : Anti-corruption
- GRI 305 : Emissions
- GRI 418 : Customer Privacy

As for the reporting boundary, the engagement excludes the data and information of BNK Financial Group’ partners, suppliers and any third parties.

KMR’s Approach

To perform an assurance engagement within an agreed scope of assessment using the standards outlined above, our Assurance Team undertook the following activities as part of the engagement:

- reviewed the overall Report;
- reviewed materiality assessment methodology and the assessment report;
- evaluated sustainability strategies, performance data management system, and processes;
- interviewed people in charge of preparing the Report;
- reviewed the reliability of the Report’s performance data and conducted data sampling;
- assessed the reliability of information using independent external sources such as Financial Supervisory Service’s DART and public databases.

Limitations and Recommendations

KMR’s assurance engagement is based on the assumption that the data and information provided by BNK Financial Group to us as part of our review are provided in good faith. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. To address this, we referred to independent external sources such as DART and National Greenhouse Gas Management System (NGMS) and public databases to challenge the quality and reliability of the information provided.

Conclusion and Opinion

Based on the document reviews and interviews, we had several discussions with BNK Financial Group on the revision of the Report. We reviewed the Report’s final version in order to make sure that our recommendations for improvement and revision have been reflected. Based on the work performed, it is our opinion that the Report applied the GRI Standards. Nothing comes to our attention to suggest that the Report was not prepared in accordance with the AA1000AP (2018) principles.

Inclusivity

BNK Financial Group has developed and maintained different stakeholder communication channels at all levels to announce and fulfill its responsibilities to the stakeholders. Nothing comes to our attention to suggest that there is a key stakeholder group left out in the process. The organization makes efforts to properly reflect opinions and expectations into its strategies.

Materiality

BNK Financial Group has a unique materiality assessment process to decide the impact of issues identified on its sustainability performance. We have not found any material topics left out in the process.

Responsiveness

BNK Financial Group prioritized material issues to provide a comprehensive, balanced report of performance, responses, and future plans regarding them. We did not find anything to suggest that data and information disclosed in the Report do not give a fair representation of BNK Financial Group’ actions.

Impact

BNK Financial Group identifies and monitors the direct and indirect impacts of material topics found through the materiality assessment, and quantifies such impacts as much as possible.

Reliability of Specific Sustainability Performance Information

In addition to the adherence to AA1000AP (2018) principles, we have assessed the reliability of economic, environmental, and social performance data related to sustainability performance. We interviewed the in-charge persons and reviewed information on a sampling basis and supporting documents as well as external sources and public databases to confirm that the disclosed data is reliable. Any intentional error or misstatement is not noted from the data and information disclosed in the Report.

Competence and Independence

KMR maintains a comprehensive system of quality control including documented policies and procedures in accordance with ISO/IEC 17021:2015 - Requirements for bodies providing audit and certification of management systems. This engagement was carried out by an independent team of sustainability assurance professionals. KMR has no other contract with BNK Financial Group and did not provide any services to BNK Financial Group that could compromise the independence of our work.

June 2023 Seoul, Korea
CEO

E. J. Hwang

Greenhouse Gas Verification Statement



Verification Statement on 2022 Scope3 Greenhouse Gas Emission Report

Verification Target

Korean Foundation for Quality (hereinafter 'KFQ') has conducted a verification of Greenhouse Gas Emissions (hereinafter 'GHG Inventory') of BNK Financial Group INC. (hereinafter 'Companies') for 2022.

Verification Scope

Scope 1 and 2 emissions were targeted at greenhouse gas emission facilities of all affiliates' buildings and business branches under domestic operational control.

Scope 3 emissions were performed on emissions from January 1st, 2022 to December 31st, 2022 within the Category 15 range selected by the company itself.

Verification Criteria

Scope 1 and 2 emissions are "Guidelines for reporting and certification of greenhouse gas emissions trading system (Ministry of Environment Notice No. 2022-279)" and Based on "ISO14064-3".

Scope 3 emissions were based on "The GLOBAL GHG ACCOUNTING & REPORTING FOR THE FINANCIAL INDUSTRY Standard" and "ISO14064-3".

Level of Assurance

The Verification has been planned and conducted as the 'Rules for verification of operating the greenhouse gas emission trading scheme', and the level of assurance for verification shall be satisfied as limited level of assurance. And it was confirmed through an internal review whether the process before the verification was conducted effectively.

Verification Limitation

This verification is not intended to verify the validity of the calculation criteria set by the company itself. Assurance results contain inherent limits of uncertainty inherent in the company's own calculation standards. Depending on our own calculation standards, significant differences may occur in the emission calculation results, which may affect comparability.

Verification Opinions

Through the verification process according to the 'ISO 14064-3:2006' KFQ could obtain reasonable basis to express following conclusion on the Greenhouse Gas Emission Report.

- 1) Scope 3 emissions for 2022 of Companies were properly calculated according to the verification standards.
- 2) The data and information used for calculating greenhouse gas emissions were appropriate and reasonable, and no significant errors or omissions that could affect the assurance opinion were found.
- 3) The criteria and process established or estimated/assumed by the company to calculate emissions were transparently reflected in the internal calculation process
- 4) Therefore, KFQ provides an unmodified opinion on the Greenhouse Gas Emissions of Company in 2022.

Appendix A. Summary of GHG Emission Results

Organization: 10 affiliates including BNK Financial Group

Emission calculation period: The emission calculation period is from January 1st to December 31st, 2022

GHG Emissions				tCO ₂ eq
Division	Scope1	Scope2	Scope1 + Scope2	Scope3*
BNK Financial Group	113	155	268	-
Busan bank	1,498	18,442	19,940	13,057,613
Kyongnam bank	1,285	5,372	6,657	11,169,928
BNK Capital	242	1,025	1,267	1,207,555
BNK Securities	262	474	736	140,602
BNK Savings bank	119	349	468	158,323
BNK Asset management	40	25	65	2,955
BNK Credit information	21	80	101	-
BNK System	46	1	47	-
BNK Venture capital	16	6	22	-
Total	3,642	25,929	29,571	25,736,976

* Corresponds to Category 15 (investment) sector, and financial emissions are based on the methodology of the PCAF(Partnership for Carbon Accounting Financials), and 7 asset classes including listed stocks/corporate bonds, corporate loans/unlisted stocks, PF, commercial real estate, mortgages, automobile loans, and government bonds. The asset classes were calculated.

June 21th 2023
CEO Ji Young Song
Korean Foundation for Quality
Ji Young Song

INTRODUCTION
ESG STRATEGY & PROGRESS
FOCUS AREA
ESG MANAGEMENT
APPENDIX
Creating Financial Synergy
ESG DATA
ESG Impact Measurement
Global Initiative
GRI Index
SASB Index
TCFD Index
UN SDGs Index
UN PRB Index
UNGC Index
Global Initiative Membership Status
Independent Assurance Statement
Greenhouse Gas Verification Statement
Awards

Awards

INTRODUCTION

ESG STRATEGY & PROGRESS

FOCUS AREA

ESG MANAGEMENT

APPENDIX

Creating Financial Synergy

ESG DATA

ESG Impact Measurement

Global Initiative

GRI Index

SASB Index

TCFD Index

UN SDGs Index

UN PRB Index

UNGC Index

Global Initiative Membership Status

Independent Assurance Statement

Greenhouse Gas Verification Statement

Awards

Name	Date	Organizer	Awards	Remarks
Busan Bank	2022.11.29	KMA Consultants	Selection of Outstanding Companies in the Local Bank Sector of the 2022 Financial Consumer Protection Index in Korea	
	2022.11.30	Kyunghyang Shinmun-Financial Supervisory Service-Credit Counseling and Recovery Service	Kyunghyang Financial Education Award - Financial Services Commission Chairman's Award	
	2022.12.02	Arts Council Korea	2022 Arts Tree Sponsorship Award (Commendation by the Minister of Culture, Sports and Tourism)	
	2022.12.13	Asiamoney	Selection of the Best Corporate Finance Bank in the Republic of Korea for the 2022 Banking Awards of the Year	
Kyongnam Bank	2022.01.10	MINISTRY OF EDUCATION	Commendation for Cooperation in Career Exploration Activities (Minister of Education Award)	
	2022.08.29	FINANCIAL SERVICES COMMISSION	Highest Rating in Local Investment Evaluation of Financial Company	3 consecutive years
	2022.12.01	Financial Supervisory Service	The 17th Financial Contest, Financial Supervisory Service Chairman's Award	
	2022.12.06	Korean Association of Industrial Business Administration	Local Contribution Business Award	
BNK Savings bank	2022.08.26	FINANCIAL SERVICES COMMISSION	Outstanding Grade in Local Investment Evaluation of Financial Company	
BNK Securities	2022.05.18	ChosunMedia	Recipient of the 2022 Top Consumer Recommendation Award in the MTS Sector	

